

**DRAFT ANNUAL BUDGET OF**

# **Oudtshoorn Municipality**



**2016/17 TO 2018/19**

**MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS**

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## Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CBD	Central Business District	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MMC	Member of Mayoral Committee
CM	City Manager	MPRA	Municipal Properties Rates Act
CPI	Consumer Price Index	MSA	Municipal Systems Act
CRRF	Capital Replacement Reserve Fund	MTEF	Medium-term Expenditure Framework
DBSA	Development Bank of South Africa	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NDP	National Development Plan
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator	mSCOA	Municipal Standard Chart of Accounts
kWh	kilowatt		
ℓ	litre		

## Part 1 – Annual Budget

### 1.1 Administrators Report

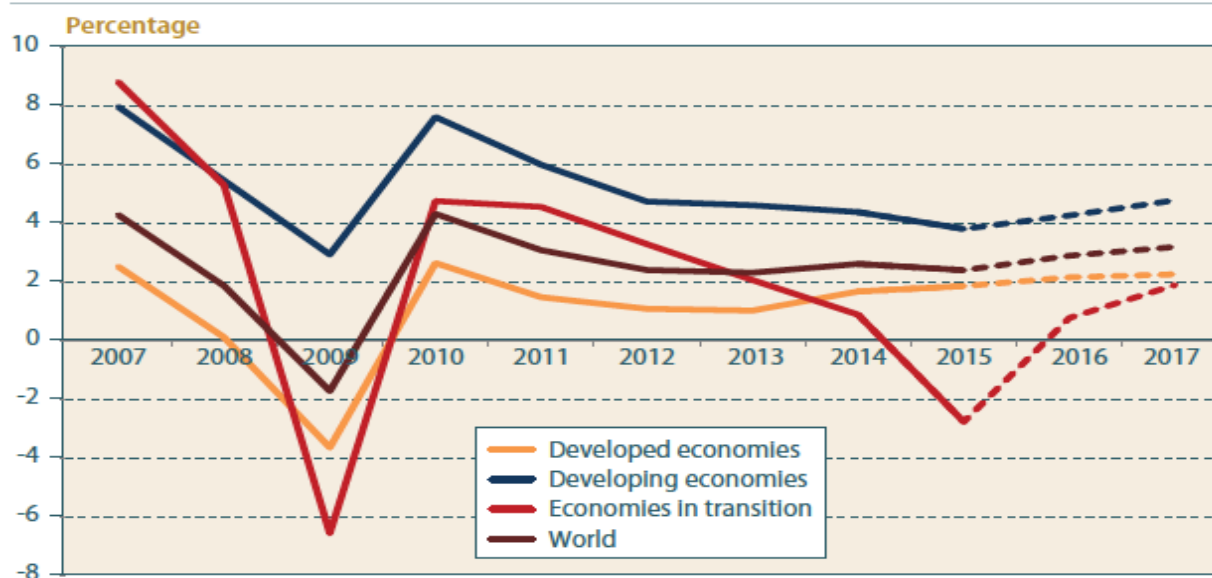
Honourable Councilors, acting municipal manager, acting directors, guests, ladies and gentlemen, good morning.

I it is my duty and obligation to the communities of the Oudtshoorn municipality to table the draft MTREF (medium term revenue expenditure framework) for Oudtshoorn Municipality in accordance with the powers assigned to me as administrator of the municipality. This MTREF serves to give direction to this municipality on firstly the financial recovery but mainly to build a basis for financial sustainability in the medium and long term. The draft budget was prepared under very difficult circumstances in a time where the municipality is fighting for its financial survival on a daily basis. The draft budget attempts to return normality to the operations and has been prepared with a lot of restraint in all areas of expenditure. The Oudtshoorn community must be provided with high quality reliable services and resources at our disposal, this budget is thus focused on delivering these services in accordance with the mandate of the municipality as assigned in the constitution. The impending municipal elections is placing a further strain on the resources of the municipality as the demand for services are intensifying.

### Global economic outlook

The UN and IMF have estimated the global economy growth rates of between 2.4% and 3.1% in 2015, projected to increase to between 2.9% and 3.4% in 2016 respectively.

**Growth of world gross product and gross domestic product by country grouping, 2007–2017**



Source: UN/DESA World Economic Situation and Prospects 2016

Growth in emerging economies slowed to 4.0 per cent while economic growth in advanced economies accelerated marginally from 1.8 to 1.9 per cent. Sustained lower oil and commodity prices weigh heavily on growth performance of sub-Saharan Africa and the region is expected to see a gradual pick-up in growth in 2016 and 2017. As South Africa is an open economy, its economic prospects are largely dependent on global growth rates and demand for commodities.

### **National Economic outlook**

It is evident that the South African economy has not yet recovered from the global economic crisis, low commodity and oil prices are indicative of little economic growth and has a significant impact on commodity producing countries such as South Africa. The National Treasury is forecasting an economic growth rate of 0.9 per cent for 2016 gradually improving to 1.7 per cent for 2017. The forecasts are subject to both international and local shocks, including the bearish outlook on the sovereign credit ratings.

Consumer inflation outlook has deteriorated significantly, to 6.2% in January breaching the target range. Inflation is expected to accelerate to 6.9 per cent during 2016 and 6.6 per cent in 2017, well outside the South African Reserve Bank target of between 3 and 6 per cent. The Rand is expected to continue weakening against major international currencies before recovering at the end of 2017, this will place further pressure on interest rates. The aforementioned factors will collectively add to the woes of consumers and further stretch the affordability threshold of municipal services and will impact on the Oudtshoorn municipal budget.

Higher inflation, interest rates and weaker employment growth will impact on the ability of all municipalities to generate and collect revenue on services, persistent unemployment remains one of the biggest challenges facing the country. These pressures are more acute for small towns such as Oudtshoorn. Therefore it is critical for the municipality to review how its business is conducted and to ensure maximum efficiency, that value for money is obtained in all expenditures. It is also essential that revenue administration systems are operating effectively, that borrowing programs are realistic, and that creditors (including bulk service providers) continue to be paid timeously and in full.

The following economic indicators are important to note as they have an impact on the economy of South Africa, the Western Cape and Oudtshoorn alike:

The forecast for real gross domestic product (GDP) growth is at 0.8% in 2016, down from 1.3 per cent in 2015 and the lowest rate of growth since 2009. Growth is forecast at 1.7 per cent in 2017. Overall, South Africa is projected to remain largely below the average growth rate of 4 per cent for emerging economies in 2016 to 2017. The Western Cape economic growth is predicted to outperform the national economy although only marginally, with an average growth forecast of 2.2 per cent from 2015 to 2020. Against this backdrop, poverty in South Africa is set to rise as disposable income continues reducing, placing the National Development Plan (NDP) goals of the eradication of extreme poverty, reduction in joblessness and doubling of incomes by 2030 under severe pressure.

***In addition;***

- Inflation and a nominal spending ceiling will put real budgets under pressure over the medium term, requiring all spheres of government to work more efficiently.
- Inflation is projected to be 6.6% in 2016/17 and 6.2% and 5.9% in the 2017/18 and 2018/19 financial years respectively.
- While the economy of the Western Cape is expected to have grown marginally higher than the national average, the droughts have reduced agricultural outputs.
- Our revenues and especially our cash flows are expected to remain under pressure in 2016/17 financial year and beyond, hence we adopted a realistic approach when projecting our expected revenues and cash receipts.

**Oudtshoorn brief financial overview**

The municipality finds itself in a critical financial position constantly having to manage ourselves out of liquidity and infrastructure failure crises that we find ourselves into. The following needs to be highlighted:

- The cash position has deteriorated over the last 4 years from a positive R48 Million as at 30 June 2011 to a current cash flow deficit.
- Trade Creditors have increased from R11 Million in 2011 to a current amount exceeding R70 Million. This excludes unestimated contingent liabilities
- Debtor collection is averaging at approximately 96% for the year to date with a projected under recovery of R 16 million in the current financial year placing a further strain on the cash flow.
- The cash flow position remains in crisis and it is anticipated that the status quo will remain past the MTREF when financial recovery may be completed.
- The lack of restraint in a variety of procurement processes and service provider appointments has resulted in uncontrolled spending being recorded and in tying up the municipality in low value for money commitments in the medium term.

**Focus of the 2016/2017 budget****Growth and infrastructure**

Both national and provincial governments view investments in infrastructure as an important means of promoting sustainable growth and reducing poverty, with the national government having allocated large portions of its budget for this purpose. A new emphasis has been placed on maintenance of existing infrastructure. Given the backlogs in maintenance, economic infrastructure which is a focus for Oudtshoorn municipality must include the following;

- Electricity transmission
- Waste water treatment works
- Road building and maintenance
- Water supply



In prioritizing the economic infrastructure we will be improving the social infrastructure which includes education and health. Our neighbouring municipalities in George and Mosselbay recorded the highest investment in infrastructure which is indicative of vibrant and growing municipalities.

Ladies and gentlemen, it is clear that the provision of infrastructure will be key to the long term financial sustainability of the municipality. It will improve service delivery, efficiency and coverage of basic services, and increase the competitiveness of the municipality. It is crucial that this council and its community at large agree on areas in which growth potential lies and ensure that appropriate infrastructure services are properly funded.

In mitigating the financial crises we have revised our spending plans to ensure key service delivery objectives are achieved. In this MTREF we have ensured that we eradicate non-priority spending and reprioritise expenditure to focus on core infrastructure and service delivery needs.

National Treasury Budget Circulars 78 and 79 also emphasizes the constricting economic climate in which we need to operate and urges municipalities to ensure value for money spending, protection of the poor and encourages the municipalities to carefully evaluate all spending decisions.

## **Capital Budget**

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders through extensive public participation processes as well as ward committee consultative processes where applicable.

The financial crises has unfortunately limited us to utilise only grant funded capital investment programmes. The capital investment from own funds are restricted to the replacement of small capital items at municipal facilities to secure revenue inflow from residents, visitors and tourists alike.

Total funded capital projects for the 2016/2017 financial year amounts to R 42.547 Million with the main focus being the following:

Water Infrastructure	R 17.76 Million
Electricity	R 7.9 Million
Sanitation	R 5.48 Million
Refuse Removal	R 4.2 Million
Roads Infrastructure	R 4.25 Million
Sport facilities	R 2.95 Million

The capital budget is funded by means of grants from National government in the amount of R 42.547 Million.

## Operating Budget

The operating budget for the 2016/2017 financial year amounts to R 579.358 Million which represents a decrease of R 15.58 million or 2.62% over the revised budget for 2015/2016.

The cost drivers of the increase in the budget can be summarized as follows:

- 7.00% increase in the wage bill in accordance with the multi-year wage agreement
- 7.86% increase in the purchase of electricity from Eskom.
- Inflationary pressure and the general increase in the price of goods and services
- Exchange rate fluctuation especially on specialist goods required in service delivery.
- Operational requirements to ensure service delivery standards are complied with, this is specifically in respect of electricity, roads and water and waste water.

Housing allocation for the construction of houses has significantly decreased from R 50.27 Million in the 2015/2016 financial year to R 31.955 Million in the 2016/2017 financial year but will still allow the municipality to expedite the delivery of houses.

Revenue sources remains under strain yet the municipality has no alternative to increase tariffs for the 2016/2017 financial year above the norm to aide in the financial recovery and to ensure that service delivery standards are met.

As a result of the worst drought that has hit South Africa in more than 20 years, the municipality has no choice but to reconsider the current water consumption tariffs. This is done in consideration of the prescripts from the National Treasury regarding cost reflective tariff setting and to protect the very scarce and valuable resource. Water tariffs were benchmarked with other similar municipalities and it was found that the tariffs currently applied falls outside the norm, an adjustment was therefore essential.

In an attempt to balance service delivery with affordability and financial recovery, the following tariff increases are necessary:

Electricity 7.64 per cent, Water 11.6 per cent, Sewerage 11.6 per cent, and Assessment rates 10.6 per cent, Refuse removal 11.7 per cent.

Increases in all categories of expenditure have been limited, all general expenditure items have been reduced with 5% and only repairs and maintenance expenditure have been increased slightly from the revised budget in order to meet maintenance and service delivery requirements and to protect the health of assets, thereby preventing current infrastructure from further dilapidation.

A variety of austerity measures, including savings on overtime, standby and other employee related cost, limiting all vehicle related expenses, travelling and subsistence allowances, scaling down on contracted services, cutting back on the social and support grants as well as cutting out all nice to have's have been implemented and it will continue in the 2016/2017 financial year and over the MTREF to aide in the financial recovery.

**Indigent subsidies**

Provision is made in the operating budget for the subsidizing of indigent households as follows; a free 6kl of water, 50 units of electricity, a 100% subsidy for refuse removal and sewerage charges. A rebate on assessment rates will also be given for Indigent households up to a valuation of R70.000. The indigent subsidy package is in line with the national norm and stretches the affordability threshold of the municipality due to the growing number of indigent households. The total amount in respect of free services, inclusive of free services given in Eskom distribution areas, and assessment rates rebates exceed R 32.9 million in the 2016/2017 financial year.

In order to protect the financial sustainability of the municipality, the provision of free services have been reduced to the prescribed national norm and free water will no longer be provided to non-indigent households.

**In conclusion**

The draft budget tabled here today serves as a first step in the financial recovery of the municipality and is of essence to ensure that service delivery needs are met on a continuous and in a consistent manner.

Please allow me to request the following:

- That all members of the council contribute in this draft budget as we will engage in community participation process.
- That all members of the ward committees and members of the public as well as all relevant stakeholders at large ensure that they participate fully and make meaningful and valuable contributions in the budgeting process.

It is my privilege to table the 2016/2017 draft budget for consultation and I would like to re-emphasise my request and invitation to all stakeholders to contribute in the public participation process before the budget is submitted to council for final approval.

I thank you.

**K CHETTY**  
**ADMINISTRATOR**

## 1.2 Draft Council Resolutions

1. The Council of Oudtshoorn Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2016/17 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 12 on page 34 (MBRR Table A2);
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 13 on page 36 (MBRR Table A3);
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 14 on page 37 (MBRR Table A4); and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 15 on page 40 (MBRR Table A5).
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 16 on page 42 (MBRR Table A6);
    - 1.2.2. Budgeted Cash Flows as contained in Table 17 on page 44 (MBRR Table A7);
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 18 on page 45 (MBRR Table A8);
    - 1.2.4. Asset management as contained in Table 19 on page 46 (MBRR Table A9); and
    - 1.2.5. Basic service delivery measurement as contained in Table 20 on page 48 (MBRR Table A10).
2. The Council of Oudtshoorn Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016; the tariffs for property rates, the tariffs for electricity, the tariffs for the supply of water, the tariffs for sanitation services, the tariffs for solid waste services as set out in Annexure A:
3. The Council of Oudtshoorn Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2016 the tariffs and fees for other services, as set out in Annexure A.
4. To give proper effect to the municipality's annual budget, the Council of Oudtshoorn Local Municipality approves:
  - 4.1. That cash backing be implemented through the utilisation of a portion of the realisable accumulated surplus that may be realised as at the end of the financial year to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
  - 4.2. That the municipality be permitted to request it's bank for an overdraft facility to fund operational requirements in the amount of R25 Million for the 2016/2017 financial year in terms of Section 45 of the Municipal Finance Management Act.

- 4.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above short term debt.

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of Oudtshoorn Municipality's financial plan is essential and critical to ensure that Oudtshoorn Municipality becomes financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Oudtshoorn Municipality's business and service delivery priorities were reviewed as part of this year's planning and budgeting process. Where appropriate, funds were transferred to address crucial service delivery needs and to ensure compliance with legislative requirements and to meet service delivery obligations. The current year adjustment budget was a first step towards this principle and supports the municipality's quest for financial recovery and ultimately financial sustainability.

Oudtshoorn Municipality will forthwith embark on a revenue enhancement strategy to ensure that all revenue sources are optimized and that all amounts due to the municipality are billed and collected.

National Treasury's MFMA Circular No. 78 and 79 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarized as follows:

- The critical financial position that the municipality finds itself in and the fact that the municipality would need to optimize its income in order to manage itself out of the financial crises to ensure that service delivery can continue unhindered.
- The prolonged recovery from the economic downturn that is still hampering growth and development not only locally but provincially and nationally.
- Given the current financial position, only intergovernmental grant funding is available to fund much needed infrastructure, refurbishment or renewals.
- The huge backlog in formal housing is placing a strain on poorly maintained and inadequate infrastructure, financial and other resources.
- Ageing and poorly maintained water, roads and electricity infrastructure;
- The increased cost of bulk electricity as a result of continued annual increases which is placing upward pressure on service tariffs to residents.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 Adjustments Budget corrections and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 annual budget; where appropriate a zero base approach has been used.
- Cost cutting and austerity measures have been applied in all expenditure categories with a downward adjustment in all general expenditure items.
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the input of services that are beyond the control of the municipality, for instance the cost of bulk

electricity and the continued escalation in the fuel price. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs.

- The impending financial recovery and the cause to move the municipality from the brink of bankruptcy to a position of financial sustainability.
- Recovery from preceding years of operating deficits through the application of prudent financial management principles.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2016/17 MTREF**

Description	Adjusted Budget	Budget Year 2016/17 R'000	Budget Year +1 2017/18	Budget Year +2 2018/19
	R'000		R'000	R'000
Total Revenue	601663	611870	658787	727645
Total Operating Expenditure	594941	579358	603760	647583
<i>Surplus/(Deficit) for the year</i>	<b>6722</b>	<b>32512</b>	<b>55027</b>	<b>80062</b>
Minus Capital Expenditure	39738	42547	57040	70829
Total Surplus/(Deficit)	-33016	-10035	-2013	9233

Total operating revenue has grown by 1.7 per cent or R10.2 Million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase with 7.67 per cent and by 10.45 per cent respectively equating to a total revenue growth of R 125.9 Million over the MTREF when compared to the 2015/16 financial year.

Total operating expenditure for the 2016/17 financial year has been appropriated at R 579.4 million and translates into a budgeted deficit of R10.035 million before taking into account non-cash items such as provisions to employee benefits and depreciation charges. The offset of the aforementioned non-cash items results in a budgeted cash surplus of R16.6 million for the 2016/2017 financial year. It must however be emphasized that a real cash surplus is not yet generated from operations as it is not prudent financial management practice to claw back depreciation and other non-cash items to realize a surplus. It must also be reiterated that the current Eskom debt as well as arrears amounts owed to various creditors needs to be funded from operational revenue and this can only be done if additional savings are realized during the course of the next financial year and if additional revenue sources can be identified to add to the municipal revenue streams.

When compared to the 2015/16 adjustments Budget, operational expenditure has reduced with 2.6 per cent in the 2016/17 budget and increases with 4.2 per cent for 2017/2018 and 7.2 per cent for the 2018/2019 financial year being the outer years of the MTREF. The operating result for the two outer years steadily improves to an anticipated surplus of R9.2 million for the conclusion of the MTREF. The surpluses will need to be significantly increased prior to any money being used for capital funding or refurbishment.

To attain a sound financial position at current cost, a surplus of at least R110 million is necessary to provide a sound operating reserve and to start investing into infrastructure provisioning.

The capital budget of R 42.57 million for 2016/17 is 33 per cent less than the originally approved budget for 2015/2016. The reduction is due to the fact that all capital spending that were to be financed from own funds had to be removed from the budget as the cash flow did not allow for any capital acquisition from own funds. The capital program increases to R 57.40 million in the 2017/18 financial year and R 70.8 million in the 2018/19 financial year and it needs to be noted that for the entire MTREF no provision is made for the purchase of new assets from own funding. A consideration can only be made for the refurbishment or replacement of assets required in operations.

The entire capital budget will be funded from Government grants and subsidies as the municipality do not have the financial resources to commit its own funds to capital financing. No provision is made for borrowing as the current financial position do not allow for any further increase in liabilities.

## **1.4 Operating Revenue Framework**

For Oudtshoorn Municipality to continue improving the quality of life of its communities through the delivery of high quality services, it is necessary to generate sufficient revenue from rates and service charges. It is also important to ensure that all billable revenue is firstly correctly charged and secondly adequately collected. The prevailing economic circumstances are adding to the difficulties in collecting the revenue that is due to the municipality and additional savings initiatives will need to be implemented in the MTREF to ensure the financial sustainability of the municipality.

The expenditure required to address the needs of the community will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenue streams.

To enable the municipality to recover financially, various factors needs to be taken into account and various initiatives needs to be embarked on, the following are of essence to aid in the financial recovery of the municipality.

- Austerity measures – Savings across the board on all general expenditure items, savings on employee cost such as overtime and standby allowances, savings on travelling and subsistence expenditure. Limiting refreshments and catering to the bare minimum, no special programs or events are budgeted.
- Saving on fuel and vehicle operating cost will be applied.
- All non or low value for money contracts will be terminated
- Supply chain management processes will be enforced to ensure value for money in all procurement.

The municipality's revenue strategy is built around the following key components:

- The financial recovery of the municipality.
- Cost reflective tariff setting – It is evident that mostly all tariffs categories were escalated by a fixed percentage determined year-on-year for at least the last 10 financial year, this has skewed the tariffs to the extent that unintended cross subsidization between rates and general services and economic as well as trading services are taking place.
- A proper activity based costing model would need to be implemented as a starting point to determine the real cost of service rendering and appropriate tariff setting.



- A revenue enhancement strategy needs to be embarked on to ensure that all revenue is correctly billed in accordance with the category, user type and tariffs as determined by the municipality, if correctly applied and implemented, it will ensure that consumers across the board are saved from further above average tariff increases;
- Above average tariff increases would need to be implemented for at least the remainder of the MTREF (The next 3 years) this is of essence to sustain and improve on service delivery standards;
- National Treasury's guidelines and macroeconomic policy growth and tariff increases, although the financial recovery will necessitate a motivation to the National Treasury for above average tariff increases;
- Revenue enhancement and maximizing the revenue base;
- Efficient revenue management, which aims to ensure a minimum 97% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Moving towards cost reflective tariff increases for water, sanitation and refuse collection;
- Budgeting for a moderate surplus at the conclusion of the MTREF to enable the municipality to build cash reserves to back statutory funds and provisions and to build an operating reserve.
- Fully subsidizing all indigent households in terms of the relief offered by the municipality.
- The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>											
Property rates	2	46 824	50 065	57 595	66 621	66 897	66 897	66 897	71 152	78 410	86 172
Property rates - penalties & collection charges		–	–	–	–	–	–	–			
Service charges - electricity revenue	2	149 723	156 345	169 372	203 177	211 368	211 368	211 368	220 535	239 918	261 001
Service charges - water revenue	2	37 786	38 671	46 120	47 247	58 554	58 554	58 554	68 228	71 671	78 601
Service charges - sanitation revenue	2	19 201	20 795	23 129	31 655	33 880	33 880	33 880	34 092	37 558	41 298
Service charges - refuse revenue	2	9 223	9 728	11 078	16 165	20 465	20 465	20 465	20 043	22 019	24 138
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		2 250	1 908	2 354	3 512	3 512	3 512	3 512	2 162	2 296	2 431
Interest earned - external investments		1 401	2 674	657	708	257	257	257	274	291	308
Interest earned - outstanding debtors		5 313	6 416	8 751	8 656	8 656	8 656	8 656	8 650	9 186	9 728
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		926	4 840	7 808	1 900	1 900	1 900	1 900	2 025	2 151	2 278
Licences and permits		–	–	–	16 740	16 675	16 675	16 675	15 576	15 842	16 009
Agency services		4 316	4 136	3 161	–	–	–	–	–	–	–
Transfers recognised - operational		71 819	85 920	85 537	115 869	117 460	117 460	117 460	99 199	91 826	101 170
Other revenue	2	10 688	24 916	49 858	8 467	21 800	21 800	21 800	20 931	22 095	23 266
Gains on disposal of PPE		1 186	48	–	2 487	–	–	–			
Total Revenue (excluding capital transfers and contributions)		360 657	406 462	465 421	523 204	561 425	561 425	561 425	562 866	593 261	646 400

**Table 3 Growth in revenue by main revenue source**

Description	Medium Term Revenue and Expenditure Framework					
	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
<b>Revenue By Source</b>						
Property rates	71 152	12.64	78 410	13.22	86 172	13.33
Property rates - penalties & collection charges	-	-	-	-	-	-
Service charges - electricity revenue	220 535	39.18	239 918	40.44	261 001	40.38
Service charges - water revenue	68 228	12.12	71 671	12.08	78 601	12.16
Service charges - sanitation revenue	34 092	6.06	37 558	6.33	41 298	6.39
Service charges - refuse revenue	20 043	3.56	22 019	3.71	24 138	3.73
Service charges - other	-	-	-	-	-	-
Rental of facilities and equipment	2 162	0.38	2 296	0.39	2 431	0.38
Interest earned - external investments	274	0.05	291	0.05	308	0.05
Interest earned - outstanding debtors	8 650	1.54	9 186	1.55	9 728	1.50
Dividends received	-	-	-	-	-	-
Fines	2 025	0.36	2 151	0.36	2 278	0.35
Licences and permits	15 576	2.77	15 842	2.67	16 009	2.48
Agency services	-	-	-	-	-	-
Transfers recognised - operational	99 199	17.62	91 826	15.48	101 170	15.65
Other revenue	20 931	3.72	22 095	3.72	23 266	3.60
Gains on disposal of PPE	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contrib)</b>	<b>562.866</b>	<b>100</b>	<b>593.261</b>	<b>100</b>	<b>646.400</b>	<b>100</b>

Revenue generated from services charges remain the major source of revenue for the municipality amounting to 56.04% of total revenue.

The major sources of revenue for the 2016/2017 financial year can be summarized as follows:

**Table 4 Major Sources of Revenue**

<b>Source</b>	<b>Amount (R Mil)</b>	<b>Percentage</b>
Assessment rates	-71 152 042	11.63
Electricity revenue	-220 535 432	36.04
Water revenue	-68 227 544	11.15
Sewerage charges	-34 091 761	5.57
Refuse charges	-20 042 696	3.28
Grants and subsidies	-148 203 000	24.22
Other	-49 615 597	8.11
<b>Total</b>	<b>-611 868 072</b>	<b>100.00</b>

The second largest source is grants and subsidies totaling R 148.2 million and mainly comprises of Equitable Share allocated through the Division of Revenue Act and Provincial housing allocation for the construction of Houses as well as capital grants to fund the capital program. Other operating grants include the Finance management grant, as well as EPWP incentive grant. Property rates is the third largest revenue source totaling 11.6% or R 71.1 million and increases to R86.1 million by 2018/19.

It needs to be emphasized that to attain financial recovery within a 5 year horizon, above average tariff increases, at CPIX plus 4% on average needs to be implemented for the MTREF.

Other revenue consists of various items such as income received from permits and licenses, building plan fees, connection fees, admission fees, fines collected and other sundry receipts and totals R 49.6 Million for the 2016/2017 financial year. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

**Table 5 Operating Transfers and Grant Receipts**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		49 828	55 408	51 590	61 209	58 158	58 158	62 414	64 910	70 542
Local Government Equitable Share		43 034	45 958	46 541	54 373	54 373	54 373	58 194	63 037	67 635
Finance Management		1 250	1 300	1 450	1 450	1 450	1 450	1 475	1 550	1 805
Municipal Systems Improvement		800	890	934	930	930	930	-	-	760
Energy Efficiency and Demand Management					3 000	-	-	-	-	-
EPWP Incentive		2 350	1 800	1 665	1 405	1 405	1 405	2 448	-	-
Integrated National Electrification Programme				-	51	-	-	297	323	342
Water Services Operating Grant		2 394	5 460	1 000	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		25 284	25 670	36 344	54 660	59 121	59 121	37 082	27 239	30 970
Human Settlements		16 954	18 464	32 267	50 270	50 270	50 270	31 955	21 703	25 000
ABS Programme		5 000	5 153	-	-	-	-	-	-	-
CDW Operational Support Grant		108	66	70	72	72	72	56	56	56
Library Service Conditional Grant		657	738	3 150	4 222	4 222	4 222	4 943	5 240	5 554
WC Financial Management Capacity Building Grant		-	-	-	-	-	-	-	-	-
Maintenance & Construction of Road Infrastructure		-	108	-	96	96	96	-	-	-
Cleaning of Maturation Ponds		-	-	207	-	-	-	-	-	-
Performance Management Grant		-	-	200	-	-	-	-	-	-
WC Municipal Financial Management Support Grant		250	75	450	-	2 461	2 461	-	-	-
Municipal Infrastructure Support Grant		-	-	-	-	1 000	1 000	-	-	-
Municipal Capacity Building Grant		-	-	-	-	500	500	12	240	360
Municipal Building Grant		-	-	-	-	500	500	-	-	-
Provincial Sport Grant		94	50	-	-	-	-	-	-	-
Public Transport Facilities		2 003	-	-	-	-	-	116	-	-
Thusong Centre Operational Support Grant		218	-	-	-	-	-	-	-	-
Finance Management Improvement Grant		-	1 017	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		498	330	242	-	181	181	-	-	-
[insert description]										
LG Seta Training		498	330	242	-	181	181	-	-	-
<b>Total Operating Transfers and Grants</b>	5	75 610	81 407	88 176	115 869	117 460	117 460	99 496	92 149	101 512

## Tariff Setting

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges are revised under normal circumstances, local economic conditions, input costs and the affordability of services are taken into account to ensure the financial sustainability of the Municipality.

Municipalities also use benchmarking to ensure that the tariffs we apply is within the industry norm as operational requirements and service standards of comparable sizes and demographics of municipalities are similar and a deviation from this norm will give an indication of whether a municipality may be heading for disaster in the application of its tariff strategy.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities should justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target in accordance with budget circular 78. It is acknowledged that excessive increases are likely to be counterproductive to economic growth and development thereby resulting in higher levels of non-payment yet the municipality has no alternative but to embark on this avenue as part of the financial recovery strategy.

The 7.857 per cent increase in the average Eskom bulk purchase price to municipalities once again exceeds the upper boundary of the Reserve bank inflation target resulting in an average proposed increase of 7.64% in the municipal electricity tariff.

Other factors contributing to the rising cost include the anticipated collectively agreed upon wage increase which is also above upper boundary, the excessive increase in the price of petrol and diesel as well as chemicals, spares and other materials that collectively contribute to the extent that tariffs needs to be increased annually.

Another factor contributing to the rising cost is the rate of exchange fluctuations as a result of the poor performance of the South-African economy and the threatening downgrade of the investment status of the country.

#### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The municipality has failed to have a valuation roll compiled in time and had to obtain approval for the extension of the validity of the valuation roll for another year.

From an analysis of the budget and especially rates and general services that include all community services related activities, it is evident that the rates and general services expenditure is not covered by the charging of assessment rates.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a property used for residential purposes is exempted from the rate-able value (Section 17(h) of the MPRA).
- In terms of the property rates policy of the municipality and tariff determination of the council in the past, certain categories of ratepayers receive rebates in excess of the ratio determination by the minister in accordance with the Municipal Property rates Act, the municipality thereby forgoes revenue in addition to rebates allowed in terms of the act, the rebate in respect of agricultural properties is partially reduced to bring it more in line with the prescribed ratio as determined and to aid with the financial recovery of the municipality.
- A rebate will be granted to registered indigents in terms of the Indigent Policy exempting this category of consumer from paying for rates on the first R70, 000 of valuation.

- Relief measures based on income and ill-health is also available under certain conditions as contained in the schedule of tariffs.
- The following conditions apply to the granting of the rebates
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse.
  - The applicant must submit proof of his/her age and identity and also proof of the annual income, or disability.
  - The property must be utilized for residential purposes or in the case of agricultural properties for bona-fide farming activities.
- The Municipality may also allow a rebate on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work and public benefit organizations as defined in the property rates policy of the municipality. The owner of such a property must apply to the Chief Financial Officer in the prescribed format and at the prescribed date in order to qualify for the relief.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2016/17 financial year based on a 10.6% increase from 1 July 2016 is contained below with the exception of the agricultural properties where the rebate is adjusted downward from 87% to 80%:

**Table 6 Comparison of proposed rates 2016/2017 to that levied for 2015/2016**

<b>Category</b>	<b>Current Tariff (1 July 2015)</b>	<b>Proposed tariff (from 1 July 2016)</b>
	<b>c/R</b>	<b>c/R</b>
Residential properties	0.983	1.0872
State owned properties	1.320	1.4599
Business/Commercial/Industrial	1.352	1.4953
Agricultural	0.127	0.2174
Rural - Residential	0.986	1.0905
Game farms	0.190	0.2101
Non-permitted use	1.356	1.4997
Public benefit organizations	0.247	0.2732

#### **1.4.2 Sale of Water and Impact of Tariff Increases**

South Africa faces similar challenges with regard to water supply as it did with electricity, the country was faced with some of the highest temperatures ever recorded and the drought still has its grip on the country. It is therefore of essence that water tariffs are designed to curb wastage, to protect the valuable resource and to be cost reflective. The municipality should ensure that water complies with all applicable quality standards which also adds to the cost of rendering the service. The water tariff structure must therefore ensure that:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;

- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

A tariff increase of 11.6% from 1 July 2016 for water is proposed. This is based on input cost assumptions inclusive of the increase in the cost of bulk water from Department of Water, increased wage bill of 7% and the cost of other inputs increasing by between 6% and 8%. **Free basic water will only be provided to indigent** consumers at 6 kℓ water per month. The municipality cannot afford to provide free basic water to all the residents as the equitable share allocation to subsidize free basic services is insufficient to cover the cost thereof.

To protect the valuable scarce resource and to curb wastage of water, the tariff in the 2 higher intervals of the sliding scale have been increased by 15% for the 2016/2017 financial year tapering down to 10.9% and 10.2% by the conclusion of the MTREF.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 7 Proposed Water Tariffs**

CATEGORY	CURRENT TARIFFS 2015/2016	PROPOSED TARIFFS 2016/2017
	Rand per kℓ VAT Excluded	Rand per kℓ VAT Excluded
<b>RESIDENTIAL</b>		
(i) 0 to 6 kℓ	Free	4.25
(ii) Above 6 to 15 kℓ	6.07	6.78
(iii) Above 15 to 30 kℓ	8.10	9.04
(iv) Above 30 to 50 kℓ	9.31	10.39
(v) Above 50 to 75 kℓ	10.99	12.64
(vi) Above 75 kℓ	12.62	14.52
<b>RESIDENTIAL GROUP HOUSING, FLATS, OLD AGE HOMES AND SCHOOLS MEASURED AS BULK</b>		
Price per kℓ	8.04	9.28
<b>SPORT CLUBS AND MUNICIPAL</b>		
(i) 0 to 150 kℓ	4.02	4.50
(ii) Above 150 kℓ	5.03	5.80
<b>COMMERCIAL, INDUSTRIAL, GOVERNMENT</b>	<b>OLD TARIFF</b>	
(i) 0 to 150 kℓ	9.72	Scrapped
(ii) Above 150 kℓ	10.92	Scrapped
<b>COMMERCIAL, INDUSTRIAL, GOVERNMENT</b>	<b>NEW TARIFF</b>	
(i) 0 to 75 kℓ	NEW	10.87
(ii) Above 75 to 150 kℓ	NEW	12.24
(iii) Above 150 kℓ	NEW	15.97

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

**Table 8 Comparison between current water charges and increases (Domestic)**

<b>Monthly consumption</b>	<b>Current amount payable</b>	<b>Proposed amount payable</b>	<b>Difference</b>	<b>% Increase</b>
30	176.13	222.12	45.99	26.11
50	362.33	429.92	67.59	18.65
75	637.08	745.92	108.84	17.08
100	911.83	1061.92	150.09	16.46

Although the increase may seem above the norm stated average percentage increase quoted, the cause of the higher increase is the abolishment of the 6 kl of free water to non-indigent consumers. The proposed water tariffs are still well within the benchmark and compares favorably with that of other municipalities in the Eden District.

### **1.4.3 Sale of Electricity and Impact of Tariff Increases**

NERSA has announced the revised bulk electricity pricing structure, a 7.857% increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2016.

Considering the Eskom increases, the consumer tariff had to be increased by 7.64% on average to offset the additional bulk purchase cost as well as recover the additional cost components such as the increase in the wage bill, general expenditure and increased maintenance and material cost for the 2016/2017 financial year. The continued above average increase in electricity prices has resulted in a downward trend in the average consumption patterns of consumers in an attempt to mitigate the effect of the increased cost of electricity resulting in a negative impact on the municipal electricity revenue.

***It needs to be emphasized that the NERSA guideline increase has not yet been finalized and therefore the electricity tariff as reflected herein may be adjusted in accordance with the final determination.***

Free electricity to registered indigents will be reduced from the 70 units granted in previous financial years to 50 units as per the national norm and allowed in accordance with the equitable share grant to municipalities.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:



**Table 9 Comparison current vs. new electricity charges (Domestic up to 60A connection)**

<b>Monthly Consumption kWh</b>	<b>Current amount payable R</b>	<b>Proposed amount Payable R</b>	<b>Difference (Increased) R</b>	<b>Percentage change</b>
100	136.30	146.70	10.40	7.63%
250	340.75	366.75	26.00	7.63%
500	681.50	733.50	52.00	7.63%
750	1 022.25	1 100.25	78.00	7.63%
1000	1 363.00	1 467.00	104.00	7.63%
2000	2 726.00	2 934.00	208.00	7.63%

#### 1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 11.6% for sanitation from 1 July 2016 is proposed. The increase in tariff is necessary to ensure the long term sustainability of the service and the above average increase is also necessary to aide in the financial recovery of the municipality. Consideration should also be given to the fact that large capital investment is currently being made to upgrade the waste water treatment works and to ensure that sufficient capacity is available for current use as well as future investment. The new capital investment will result in an increase in depreciation charges as well as other operating cost over the short to medium term.

The increase in operational cost which includes the rising wage cost, the increase in electricity used in purification and pumping processes, the increase in fuel prices and the general increase in the price of goods and services also contributes to the higher tariff necessary to ensure the financial sustainability of the service. It must also be emphasized that the municipality must ensure that purification processes complies with quality standards and that green drop status is achieved.

**Table 10 Comparison between current sanitation charges and increases**

	<b>CURRENT TARIFF PER Annum R</b>	<b>NEW TARIFF PER Annum R</b>
Single Residential per toilet per annum	1005.98	1122.67
Business and guest houses	1097.44	1224.74
Availability Charges per annum	1829.06	2041.23
Septic tank removals	348.07	388.45

#### 1.4.5 Waste Removal and Impact of Tariff Increases

Budget circular 66 and 67 state that municipalities should strive to budget for a moderate surplus in order to ensure that the required funding levels are maintained and to ensure that the provision for the rehabilitation of the land fill site is cash backed. The Municipality is in a fortunate position that the landfill site still has a very long lifespan, yet the cost relating to the provision for rehabilitation needs to be cash backed once the end of the useful life of the site has been reached.

From an analysis of the refuse removal tariffs charged as well as the units removed, it is evident that the service to certain business consumers are rendered at a loss, the continuance of the

service at these tariffs is jeopardizing the financial sustainability of the service and will ultimately lead to the collapse of the service. Although an 11.7% increase is proposed across the board for the 2016/2017 financial year, a reconsideration of the tariff structure for the refuse removal service will be done in the next budget cycle to underline the user pays principle and to ensure the long term sustainability of the service.

The following table compares current and proposed amounts payable from 1 July 2016:

**Table 11 Comparison between current waste removal fees and increases**

	<b>Current Tariff</b>	<b>Proposed Tariff</b>	<b>Difference</b>	<b>%</b>
	<b>2015/2016</b>	<b>2016/2017</b>	<b>Per Annum</b>	<b>Difference</b>
	Per Annum (R)	Per Annum (R)	Per month (R)	
Domestic removed once a week	1024.25	1144.10	119.85	11.7%
Business/Commercial 85ℓ container removed three times a week per container	9.32	10.41	1.09	11.7%

#### **1.4.6 Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 8% and 9% with the exception of the water tariffs where the increase is above the norm due to the abolishment of the 6kl free water to all households. The increase for indigent households will of course be limited due to the basket of free basic services being subsidized.

Table 12 MBRR Table SA14 – Household bills

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		597.85	636.71	722.17	555.17	555.17	555.17	10.6%	621.09	684.44	752.20
Electricity: Basic levy		126.12	135.58	168.43	144.46	144.46	144.46	7.6%	156.34	168.28	181.14
Electricity: Consumption		1 201.50	1 291.61	1 604.57	1 355.51	1 355.51	1 355.51	7.6%	1 467.00	1 579.08	1 699.72
Water: Basic levy		66.55	71.87	87.22	88.38	88.38	88.38	7.0%	95.03	101.68	108.80
Water: Consumption		128.93	139.25	168.97	196.35	196.35	196.35	11.6%	222.12	247.00	273.92
Sanitation		66.55	71.87	87.22	165.41	165.41	165.41	11.6%	187.11	208.07	230.75
Refuse removal		66.55	71.87	87.22	84.11	84.11	84.11	11.7%	95.26	106.02	117.58
Other									-	-	
sub-total		2 254.06	2 418.77	2 925.80	2 589.39	2 589.39	2 589.39	9.8%	2 843.94	3 094.57	3 364.11
VAT on Services					342.40	342.40	342.40	14.0%	398.15	433.24	470.98
Total large household bill:		2 254.06	2 418.77	2 925.80	2 931.79	2 931.79	2 931.79	10.6%	3 242.09	3 527.81	3 835.08
% increase/-decrease			7.3%	21.0%	0.2%	-	-		10.6%	8.8%	8.7%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		59.79	63.67	72.22	393.10	393.10	393.10	10.6%	439.75	484.60	532.57
Electricity: Basic levy		126.12	135.58	168.43	144.45	144.45	144.45	7.6%	156.34	168.28	181.14
Electricity: Consumption		598.35	643.22	799.07	677.75	677.75	677.75	7.6%	733.50	789.54	849.86
Water: Basic levy		66.55	71.87	87.22	88.40	88.40	88.40	7.0%	95.03	101.68	108.80
Water: Consumption		90.65	97.90	118.80	156.40	156.40	156.40	11.6%	176.92	196.74	218.18
Sanitation		66.55	71.87	87.22	165.41	165.41	165.41	11.6%	187.11	208.07	230.75
Refuse removal		66.55	71.87	87.22	85.00	85.00	85.00	11.7%	95.26	106.02	117.58
Other								7.0%	-	-	
sub-total		1 074.56	1 156.00	1 420.19	1 710.51	1 710.51	1 710.51	10.1%	1 883.91	2 054.92	2 238.88
VAT on Services					226.80	226.80	226.80	14.0%	263.75	287.69	313.44
Total small household bill:		1 074.56	1 156.00	1 420.19	1 937.31	1 937.31	1 937.31	10.9%	2 147.65	2 342.61	2 552.33
% increase/-decrease			7.6%	22.9%	36.4%	-	-		10.9%	9.1%	9.0%
Monthly Account for Household - 'Indigent'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates					174.30	174.30	174.30	10.6%	194.94	214.82	236.09
Electricity: Basic levy								7.6%	-	-	-
Electricity: Consumption					405.30	405.30	405.30	7.6%	438.60	472.11	508.18
Water: Basic levy	60.50	30.25						7.0%	-	-	-
Water: Consumption					93.90	93.90	93.90	11.6%	106.22	118.12	130.99
Sanitation								11.6%	-	-	-
Refuse removal								11.7%	-	-	-
Other								7.0%	-	-	-
sub-total		60.50	30.25	-	673.50	673.50	673.50	9.8%	739.76	805.05	875.26
VAT on Services					89.10	89.10	89.10	14.0%	103.57	112.71	122.54
Total small household bill:		60.50	30.25	-	762.60	762.60	762.60	10.6%	843.32	917.75	997.79
% increase/-decrease			(50.0%)	(100.0%)	-	-	-		10.6%	8.8%	8.7%

## 1.5 Operating Expenditure Framework

Oudtshoorn Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- The financial recovery of the municipality overshadows most of the asset strategies and maintenance plans.
- Repairs and maintenance expenditure is limited by the financial distress and therefore minimal spending on repairs and maintenance is envisaged for the 2016/2017 financial year.
- The financial recovery takes preference to ensure the required funding levels are achieved and maintained.
- Continued provision of basic services remains a high priority as well as financial sustainability of services.
- Operational gains and efficiencies will be directed to ensure appropriate cash backing of statutory funds, provisions and reserves as well as funding the capital budget and other core services in the medium term.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

**Table 13 Summary of operating expenditure by standard classification item**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Expenditure By Type											
Employee related costs	2	142 339	160 122	175 513	161 156	173 630	173 630	173 630	193 215	207 066	221 307
Remuneration of councillors		7 197	8 336	8 783	9 024	5 812	5 812	5 812	9 622	10 315	11 058
Debt impairment	3	12 955	15 932	6 031	5 500	20 038	20 038	20 038	15 697	17 266	18 993
Depreciation & asset impairment	2	18 850	20 276	19 526	20 716	21 808	21 808	21 808	22 273	23 654	25 050
Finance charges		12 834	14 545	11 783	7 771	9 002	9 002	9 002	7 879	7 133	6 294
Bulk purchases	2	106 575	114 059	122 065	138 994	151 494	151 494	151 494	150 329	162 141	174 881
Other materials	8	–	–	–	–	–	–	–	–	–	–
Contracted services		15 399	22 528	30 231	38 914	41 713	41 713	41 713	31 087	29 795	31 224
Transfers and grants		746	1 319	1 745	1 300	1 354	1 354	1 354	1 500	1 500	1 500
Other expenditure	4, 5	107 306	107 192	137 562	134 496	170 089	170 089	170 089	147 755	144 890	157 277
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Expenditure		424 198	464 310	513 240	517 872	594 940	594 940	594 940	579 358	603 761	647 583

The budgeted allocation for employee related costs for the 2016/17 financial year totals R 193.2 Million, which equals 33.35% of the total operating expenditure. Based on the collective SALGBC wage agreement, salary increases have been factored into this budget at a percentage increase of 7% for the 2016/17 financial year. An annual increase of 7.2% and 6.9% have been included respectively for the 2017/2018 and 2018/2019 financial year

In order to ensure economic viability and to not overstretch the already limited financial resources, and cash management strategy vacancies have been significantly rationalized downwards. The organizational redesign is currently underway and the effects thereof will be factored into the adjustment budget where possible as well as the future annual budgets. Only certain vacant positions critical for service delivery have been budgeted for the 2016/2017 financial year. These positions are mainly at service delivery departments as well as the finance department in order to ensure prudent adequate service delivery and financial management.

The staffing cost of the new organogram will be determined once the redesign is completed where-after provision will be made in the MTREF to appropriately staff the organization.

It will be advisable in the MTREF to fund the structure, once finalized in a staggering approach, meaning core service delivery positions and some critical positions are funded in the first year and other support services positions will be funded in the following year as resources become available.

The cost associated with the remuneration of public office bearers is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The remuneration cost of councilors is partially subsidized through the equitable share allocation awarded to the municipality in terms of the division of revenue Act. The total equitable share awarded to Oudtshoorn for the 2016/2017 financial year, inclusive of the subsidy towards councilor remuneration, amounts to R 58.194 million.

The provision of debt impairment was determined based on an annual collection rate of 96% and the Debt Write-off Policy of the Municipality. The current average collection rate equals 93% as at end of February 2016 and it is anticipated that the recovery of debt, through the increase in debt collection action will reach a level of 97% upon conclusion of the current financial year. The provision for doubtful debt amounts to R 15,696,680 for the 2016/17 financial year.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate at which assets are consumed. Budget appropriations in this regard total R 22,273 million for the 2016/17 financial and equates to 3.84% of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.36% (R7.879 million) of operating expenditure excluding annual redemption for 2016/17 amounting to R 9.504 million and remains constant through the remainder of the MTREF. Oudtshoorn Municipality still has a sound borrowing ratio, yet the cash position has deteriorated to the extent that any additional borrowing will place an unaffordable burden on the municipality for the MTREF and no further long term borrowing will therefore be done.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes electricity distribution losses which equals 8%, Water distribution losses as at 30 June 2016 amounted to 20% and a concerted effort is necessary to ensure the reduction of the losses to within acceptable norms.

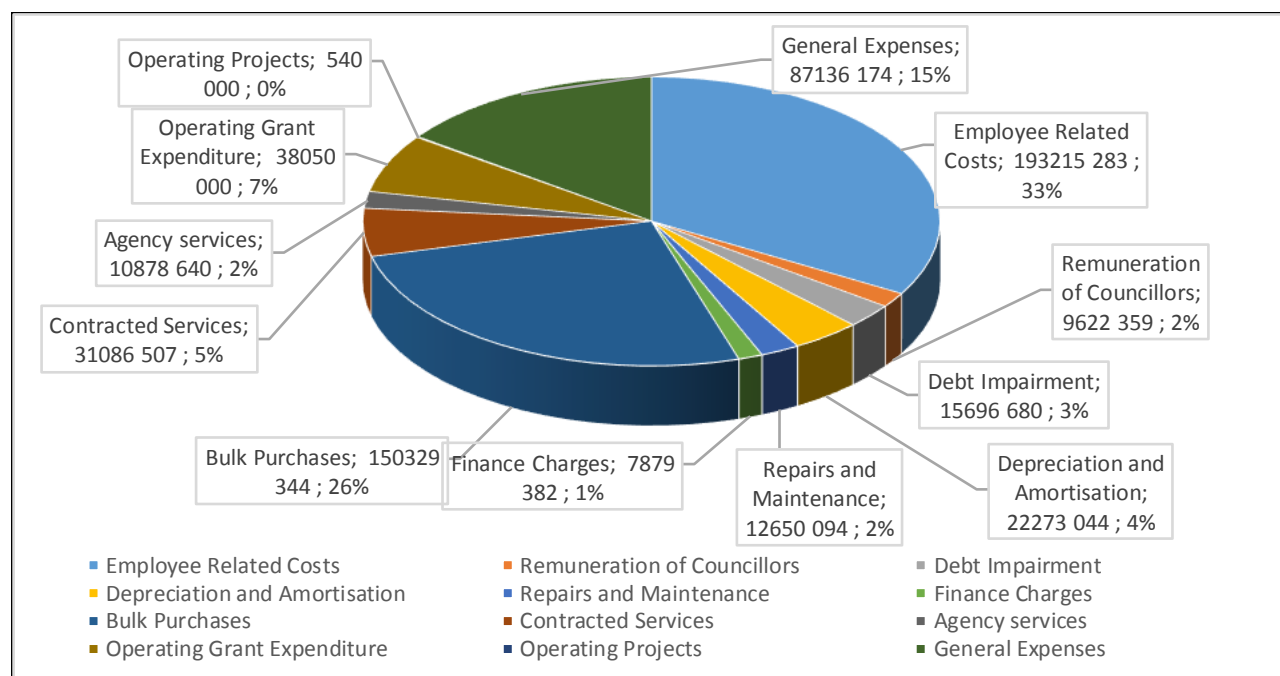
Although maintenance should be prioritized to ensure the health of assets the financial position does not afford the municipality much of a choice but to budget only for critical repairs and maintenance. In line with Oudtshoorn Municipality's repairs and maintenance plan this group of expenditure needs to be prioritized to ensure sustainability of Oudtshoorn Municipality's infrastructure. For 2016/17 the appropriation against this group of expenditure represents only 2.2% of operating expenditure (R12.65 million).

Contracted services relates to the provision of services by means of the appointment of service providers where the necessary in-house skills are not available or have not yet been adequately

developed. Certain functions also require the contracting of specialist knowledge contracted from time to time due to the fact that the municipality cannot afford to employ experts on a full-time basis. This category of expenditure equates to R 31.08 million or 5 % of operating expenses for the 2016/2017 financial year.

Other general expenditure comprises of various line items relating to the daily operations of the municipality. These costs include items such as audit fees in the amount of R6 million, rates rebates in the amount of R5.8 million legal fees of R3.5 million, insurance cost, SALGA membership fees, printing and stationery as well as a variety of other operating cost. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Other general expenditure amounts to 15.04% or R 87.13 million for the 2016/17 financial year.

The following graph gives a breakdown of the main expenditure categories for the 2016/17 financial year.



**Figure 1 Main operational expenditure categories for the 2016/17 financial year**

### 1.5.1 Priority given to repairs and maintenance

In order to ensure the health of the assets of the municipality and to prolong the useful lives, it is necessary to ensure that repairs and maintenance is adequately budgeted. Budget circular 66 cautions municipalities not to affect savings in repairs and maintenance to balance the budget but to ensure that sufficient budgetary allocation is made for this expenditure item. As already alluded to the dismal financial position is hampering the efforts in ensuring that adequate provision for repairs and maintenance are made. The following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 4 Operational repairs and maintenance**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure									12 650	13 434	14 227
Total Repairs and Maintenance Expenditure	9	-	-	-	-	-	-	-	12 650	13 434	14 227

Repairs and maintenance slightly increases from the 2015/2016 revised budget amount to R12.65 million and is only marginally increasing towards the outer year of the MTREF, once the financial position has turned around, much more funds needs to be appropriated for repairs and maintenance. The allocation to repairs and maintenance will therefore only increase over the MTREF if a turnaround in the financial position is successful.

The table below provides a breakdown of the repairs and maintenance in relation to each asset class:

**Table 5 Repairs and maintenance per asset class**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
<b>EXPENDITURE OTHER ITEMS</b>										
<u>Depreciation &amp; asset impairment</u>		18 850	20 276	19 526	20 716	21 808	21 808	22 273	23 654	25 050
<u>Repairs and Maintenance by Asset Class</u>	3	16 777	16 943	39 299	18 765	11 042	11 042	12 650	13 434	14 227
Infrastructure - Road transport		3 899	3 688	22 706	5 492	3 142	3 142	3 349	3 557	3 767
Infrastructure - Electricity		1 404	1 318	1 205	1 445	1 920	1 920	2 057	2 184	2 313
Infrastructure - Water		3 368	2 741	3 559	4 014	1 828	1 828	1 949	2 070	2 192
Infrastructure - Sanitation		1 025	798	1 438	1 821	792	792	844	897	950
Infrastructure - Other		2 956	4 335	5 581	648	603	603	643	683	723
Infrastructure		12 652	12 880	34 488	13 420	8 285	8 285	8 842	9 390	9 944
Community		1 402	1 045	1 431	2 661	1 182	1 182	1 253	1 330	1 409
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	2 722	3 018	3 380	2 685	1 575	1 575	2 555	2 714	2 874
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>35 627</b>	<b>37 219</b>	<b>58 825</b>	<b>39 481</b>	<b>32 850</b>	<b>32 850</b>	<b>34 923</b>	<b>37 088</b>	<b>39 277</b>

For the 2016/17 financial year, 69.89% or R 8.84 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totaling 16.25% (R2.05 million), road infrastructure receives the bulk being 26.48% (R3,349 million), sanitation 6.67% (R844,000) and water 15.4% (R1.949 million). Community assets have been allocated R 1,253 million of total repairs and maintenance equating to 9.9%.

### **1.5.2 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of Oudtshoorn Municipality's Indigent Policy. It is estimated that between 6000 and 7000 households will receive subsidy on tariffs and rates in the 2016/2017 financial year by means of the full basket of services given as Indigent subsidies. The estimated expenditure on free and subsidized services, inclusive of assessment rate rebates will exceed R 33.0 million for the 2016/2017 financial year.

The performance on delivery of housing is adding to the quantum of subsidized services as the bulk of new customers qualify to be subsidized. A significant burden is placed on revenue streams as the revenue base is not growing sufficiently to sustain the growing number of free services. The subsidy in respect of free services will be paid strictly in accordance with the national norms and within the limitations of the equitable share that the municipality receives from the National fiscus. The indigent process is one of self-registration therefore households needing assistance must annually apply for the subsidy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement)

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act. The equitable share is therefore proportionately divided between the rates and other services delivery votes as a subsidy towards the services. It needs to be mentioned that for refuse removal 40.9% of customers are registered as indigent and for sewerage the indigent represents 24.3% of units of service rendered.

### **1.5.3 Cango caves**

The Cango caves are included in the municipal budget under the Executive and Council vote as classified in accordance with the GFS. The caves are run as a municipal function and revenue accrues to the general municipal revenue account and expenditure is accounted for through municipal expenditure votes. A net deficit of R181,000 is budgeted for the 2016/2017 financial year. An amount of R850,000 is budgeted for urgent remedial repairs and maintenance to ensure safety of staff and visitors. Capital refurbishment is placed in abeyance until the financial recovery can support the cost thereof. Admission tariffs are increased with 20% on average and compares well with other tourist attractions in the immediate vicinity.

## **1.6 Capital expenditure**

The following table provides a breakdown of budgeted capital expenditure by vote:



**Table 6 2016/17 Medium-term capital budget per vote**

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive & Council		1 938	15	734	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		19 277	4 753	15	6 000	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services		852	69	349	790	-	-	-	-	-	-
Vote 5 - Community and Public Safety		1 041	6	519	-	5 281	5 281	5 281	7 162	6 140	6 140
Vote 6 - Technical Services		22 635	37 175	36 631	54 138	34 457	34 457	34 457	35 386	50 900	64 689
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	45 743	42 019	38 249	60 928	39 738	39 738	39 738	42 547	57 040	70 829
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community and Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Vote</b>		45 743	42 019	38 249	60 928	39 738	39 738	39 738	42 547	57 040	70 829

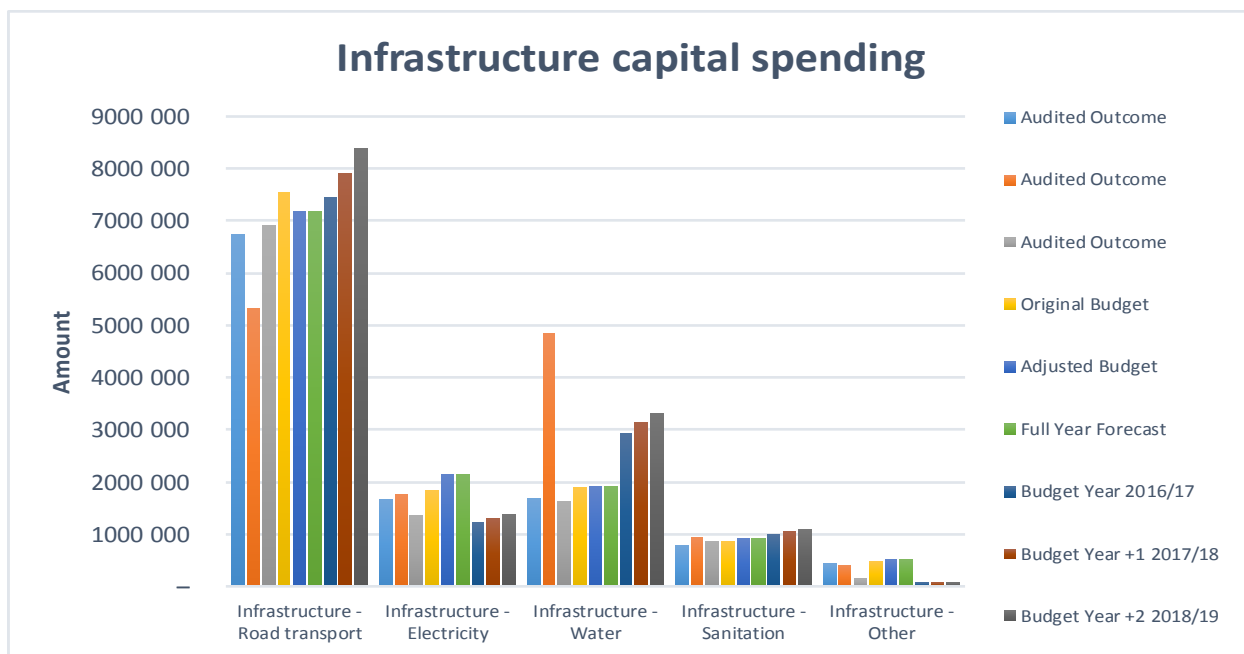
An amount of R 39.5 million has been appropriated for the development of infrastructure which represents the bulk of the capital budget for 2016/2017

New assets represent R 15.2 million of the total capital budget while asset renewal equates to R27.335 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital program relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Following a list of projects to be undertaken over the medium-term:

Municipal Vote/Capital project	Ref	Program/Project description	Asset Class	Asset Sub-Class	2016/17 Medium Term Revenue & Expenditure Framework		
					Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	4		3	3			
<b>Parent municipality:</b> <i>List all capital projects grouped by Municipal Vote</i>							
REHAB ROADS AND STORMWATER			Infrastructure - Road transport	Roads, Pavements & Bridges	877	1 754	2 689
PAVING OF STREETS			Infrastructure - Road transport	Roads, Pavements & Bridges	1 177	1 754	1 754
UPGRADING STORMWATER SYSTEM-BONGOLETHU			Infrastructure - Road transport	Storm water	1 316	1 316	1 316
UPGRADING STORMWATER SYSTEM - DE RUST BLOMNEK			Infrastructure - Road transport	Storm water	439	439	439
UPGRADING STORMWATER SYSTEM - DYSELSDORP			Infrastructure - Road transport	Storm water	439	439	439
UPGRADING OF DYSELSDORP WASTE TREATMENT PLANT			Infrastructure - Sanitation	Storm water	5 482	4 825	4 825
UPGRADING OF SOLID WASTE SITE			Community	Waste Management	4 206	3 289	3 289
HIGH MAST FLOOD LIGHT			Infrastructure - Electricity	Street Lighting	877	1 474	1 474
ROSEVALLEY PHASE 2-ELECTRIFICATION CONNECTIONS			Infrastructure - Electricity	Generation	3 509	-	-
DYSELSDORP BULK INFRASTRUCTURE			Infrastructure - Electricity	Generation	3 509	-	-
ROSEVALLEY PHASE 3-ELECTRIFICATION CONNECTIONS			Infrastructure - Electricity	Generation	-	3 947	-
ODUTHOORN INTAKE BULK INFRASTRUCTURE			Infrastructure - Electricity	Generation	-	3 947	-
ROSEVALLEY BULK INFRASTRUCTURE			Infrastructure - Electricity	Generation	-	-	2 632
ENERGY EFFICIENCY DEMAND SIDE MANAGEMENT			Infrastructure - Electricity	Generation	-	3 509	4 386
REHAB SPORTS FIELD LIGHTING			Community	Sportsfields & stadia	2 851	2 851	2 851
REHAB ATHLETICS TRACKS			Community	Sportsfields & stadia	105	-	-
BLOSSOMS GROUNDWATER PROJECT			Infrastructure - Water	Reticulation	17 761	26 619	43 860
REHAB OF ASBESTOS/CEMENT WATER PIPES			Infrastructure - Water	Storm water	-	877	877
<b>Parent Capital expenditure</b>	<b>1</b>				<b>42 547</b>	<b>57 040</b>	<b>70 829</b>

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

**Figure 2 Capital Infrastructure Program**



## 1.7 Annual Budget Tables – Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing/next page.

**Table 7 MBRR Table A1 - Budget Summary**

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousands</b>										
<b><u>Financial Performance</u></b>										
Property rates	46 824	50 065	57 595	66 621	66 897	66 897	66 897	71 152	78 410	86 172
Service charges	215 934	225 539	249 699	298 244	324 267	324 267	324 267	342 897	371 166	405 038
Investment revenue	1 401	2 674	657	708	257	257	257	274	291	308
Transfers recognised - operational	71 819	85 920	85 537	115 869	117 460	117 460	117 460	99 199	91 826	101 170
Other own revenue	24 679	42 264	71 933	41 762	52 543	52 543	52 543	49 344	51 569	53 712
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>360 657</b>	<b>406 462</b>	<b>465 421</b>	<b>523 204</b>	<b>561 425</b>	<b>561 425</b>	<b>561 425</b>	<b>562 866</b>	<b>593 261</b>	<b>646 400</b>
Employee costs	142 339	160 122	175 513	161 156	173 630	173 630	173 630	193 215	207 066	221 307
Remuneration of councillors	7 197	8 336	8 783	9 024	5 812	5 812	5 812	9 622	10 315	11 058
Depreciation & asset impairment	18 850	20 276	19 526	20 716	21 808	21 808	21 808	22 273	23 654	25 050
Finance charges	12 834	14 545	11 783	7 771	9 002	9 002	9 002	7 879	7 133	6 294
Materials and bulk purchases	106 575	114 059	122 065	138 994	151 494	151 494	151 494	150 329	162 141	174 881
Transfers and grants	746	1 319	1 745	1 300	1 354	1 354	1 354	1 500	1 500	1 500
Other expenditure	135 659	145 652	173 824	178 911	231 840	231 840	231 840	194 538	191 952	207 494
<b>Total Expenditure</b>	<b>424 198</b>	<b>464 310</b>	<b>513 240</b>	<b>517 872</b>	<b>594 940</b>	<b>594 940</b>	<b>594 940</b>	<b>579 358</b>	<b>603 761</b>	<b>647 583</b>
<b>Surplus/(Deficit)</b>	<b>(63 541)</b>	<b>(57 848)</b>	<b>(47 820)</b>	<b>5 332</b>	<b>(33 515)</b>	<b>(33 515)</b>	<b>(33 515)</b>	<b>(16 492)</b>	<b>(10 499)</b>	<b>(1 183)</b>
Transfers recognised - capital	37 659	40 421	37 829	47 138	40 238	40 238	40 238	49 004	65 526	81 245
Contributions recognised - capital & contributed asset	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(25 882)</b>	<b>(17 426)</b>	<b>(9 991)</b>	<b>52 470</b>	<b>6 723</b>	<b>6 723</b>	<b>6 723</b>	<b>32 512</b>	<b>55 027</b>	<b>80 062</b>
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) for the year</b>	<b>(25 882)</b>	<b>(17 426)</b>	<b>(9 991)</b>	<b>52 470</b>	<b>6 723</b>	<b>6 723</b>	<b>6 723</b>	<b>32 512</b>	<b>55 027</b>	<b>80 062</b>
<b><u>Capital expenditure &amp; funds sources</u></b>										
<b>Capital expenditure</b>	<b>45 743</b>	<b>42 019</b>	<b>38 249</b>	<b>60 928</b>	<b>39 738</b>	<b>39 738</b>	<b>39 738</b>	<b>42 547</b>	<b>57 040</b>	<b>70 829</b>
Transfers recognised - capital	38 109	36 388	36 826	47 138	39 738	39 738	39 738	42 547	57 040	70 829
Public contributions & donations	1 676	—	—	—	—	—	—	—	—	—
Borrowing	209	5 493	1 036	—	—	—	—	—	—	—
Internally generated funds	5 749	138	387	13 790	—	—	—	—	—	—
<b>Total sources of capital funds</b>	<b>45 743</b>	<b>42 019</b>	<b>38 249</b>	<b>60 928</b>	<b>39 738</b>	<b>39 738</b>	<b>39 738</b>	<b>42 547</b>	<b>57 040</b>	<b>70 829</b>
<b><u>Financial position</u></b>										
Total current assets	113 092	86 172	85 769	70 530	51 300	51 300	51 300	62 500	57 950	53 427
Total non current assets	681 670	724 564	736 813	688 154	688 154	688 154	688 154	677 947	723 333	772 112
Total current liabilities	84 554	104 096	165 036	34 601	103 851	103 851	103 851	94 504	80 251	75 090
Total non current liabilities	232 343	233 654	194 551	252 350	252 350	252 350	252 350	240 739	239 230	238 649
Community wealth/Equity	477 686	472 986	462 995	452 503	383 253	383 253	383 253	405 204	461 802	511 801
<b><u>Cash flows</u></b>										
Net cash from (used) operating	16 442	24 624	(13 890)	60 348	6 723	6 723	6 723	32 512	55 027	80 062
Net cash from (used) investing	(44 877)	(43 969)	(31 797)	(48 128)	(39 738)	(39 738)	(39 738)	(42 547)	(57 040)	(70 829)
Net cash from (used) financing	29 846	(10 966)	(14 655)	(10 895)	(10 756)	(10 756)	(10 756)	(9 504)	(10 251)	(11 090)
<b>Cash/cash equivalents at the year end</b>	<b>16 975</b>	<b>12 608</b>	<b>(47 734)</b>	<b>(46 423)</b>	<b>(91 504)</b>	<b>(91 504)</b>	<b>(91 504)</b>	<b>(111 043)</b>	<b>(123 308)</b>	<b>(125 164)</b>
<b><u>Cash backing/surplus reconciliation</u></b>										
Cash and investments available	16 975	12 608	(47 734)	5 000	5 000	5 000	5 000	7 500	7 950	8 427
Application of cash and investments	(43 177)	(8 908)	(6 238)	(37 806)	47 603	47 603	47 603	31 027	20 916	19 803
<b>Balance - surplus (shortfall)</b>	<b>60 152</b>	<b>21 516</b>	<b>(41 495)</b>	<b>42 806</b>	<b>(42 603)</b>	<b>(42 603)</b>	<b>(42 603)</b>	<b>(23 527)</b>	<b>(12 966)</b>	<b>(11 376)</b>
<b><u>Asset management</u></b>										
Asset register summary (WDV)	133 216	119 645	115 605	99 177	133 005	133 005	175 553	175 553	232 593	303 422
Depreciation & asset impairment	18 850	20 276	19 526	20 716	21 808	21 808	22 273	22 273	23 654	25 050
Renewal of Existing Assets	22 635	36 505	30 752	50 638	30 105	30 105	30 105	27 335	40 593	58 329
Repairs and Maintenance	16 777	16 943	39 299	18 765	11 042	11 042	12 650	12 650	13 434	14 227
<b><u>Free services</u></b>										
Cost of Free Basic Services provided	—	—	—	—	—	—	—	—	—	—
Revenue cost of free services provided	18 144	20 625	26 120	21 301	14 870	14 870	14 870	14 870	32 904	36 372
<b><u>Households below minimum service level</u></b>										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:	—	—	—	—	—	—	—	—	—	—
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	—	24	24	24	24	24	24	24	25	25

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of Oudtshoorn Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is negative over the MTREF
  - b. Capital expenditure is funded only by grant funding
    - i. Transfers recognized is reflected on the Financial Performance Budget;
    - ii. No borrowing is taken up for the MTREF
    - iii. No internally generated funds are available for capital funding.
4. The Cash backing/surplus reconciliation shows that the municipality is not in a position to currently cash back any of its provisions or other obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

**Table 8 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		141 412	165 520	187 846	202 808	250 486	250 486	216 055	232 009	264 271
Executive and council		94 588	115 455	130 251	—	180 628	180 628	144 903	153 599	178 099
Budget and treasury office		46 824	50 065	57 595	202 808	69 858	69 858	71 152	78 410	86 172
Corporate services		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		19 058	13 313	25 946	22 152	21 196	21 196	20 378	20 866	21 259
Community and social services		—	—	—	3 512	—	—	—	—	—
Sport and recreation		1 877	1 964	2 064	—	2 556	2 556	2 437	2 512	2 590
Public safety		15 921	9 301	23 882	18 640	18 640	18 640	17 941	18 354	18 670
Housing		1 260	2 047	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		—	—	—	—	—	—	—	—	—
Planning and development		—	—	—	—	—	—	—	—	—
Road transport		—	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		237 845	253 285	277 624	298 244	329 981	329 981	375 437	405 913	442 115
Electricity		156 809	164 138	177 521	203 177	212 949	212 949	227 936	247 800	269 384
Water		44 512	49 110	58 149	47 247	61 372	61 372	79 637	83 856	91 605
Waste water management		23 271	25 560	26 982	31 655	34 555	34 555	41 516	45 497	49 784
Waste management		13 252	14 477	14 972	16 165	21 105	21 105	26 347	28 759	31 343
<i>Other</i>	4	—	14 766	11 834	—	—	—	—	—	—
Total Revenue - Standard	2	398 316	446 883	503 249	523 204	601 663	601 663	611 870	658 787	727 645
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		117 809	106 580	156 586	89 807	133 310	133 310	155 422	163 662	173 526
Executive and council		78 199	68 257	110 697	44 823	82 128	82 128	95 964	103 129	108 783
Budget and treasury office		21 451	20 408	25 683	27 004	29 004	29 004	32 545	31 753	34 033
Corporate services		18 159	17 916	20 207	17 981	22 179	22 179	26 913	28 780	30 711
<i>Community and public safety</i>		69 653	97 230	108 559	91 643	133 481	133 481	107 198	101 636	109 828
Community and social services		17 096	23 375	25 034	27 972	29 560	29 560	24 754	26 059	27 428
Sport and recreation		15 730	13 903	17 055	19 601	17 560	17 560	18 866	20 130	21 476
Public safety		16 525	28 360	31 451	36 571	30 847	30 847	26 679	28 463	30 290
Housing		20 302	31 592	35 019	7 500	55 514	55 514	36 898	26 984	30 634
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		45 229	53 143	64 315	59 115	45 383	45 383	35 297	36 286	38 628
Planning and development		19 917	28 563	18 379	22 564	16 616	16 616	6 474	6 937	7 413
Road transport		25 312	24 580	45 936	36 551	28 766	28 766	28 823	29 348	31 215
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		189 026	193 475	168 398	275 830	279 314	279 314	276 631	296 990	320 124
Electricity		126 303	129 366	138 585	197 754	179 425	179 425	183 373	198 109	214 085
Water		24 958	33 225	26 914	41 042	46 965	46 965	41 201	44 529	47 945
Waste water management		12 966	11 769	11 847	17 087	23 765	23 765	22 796	24 430	26 145
Waste management		24 799	19 115	(8 947)	19 947	29 159	29 159	29 261	29 922	31 949
<i>Other</i>	4	2 482	13 880	15 382	4 427	3 452	3 452	4 810	5 187	5 477
Total Expenditure - Standard	3	424 198	464 310	513 240	520 822	594 940	594 940	579 358	603 761	647 583
Surplus/(Deficit) for the year		(25 882)	(17 426)	(9 991)	2 382	6 723	6 723	32 512	55 027	80 062

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water but not for the waste management function. Administrative functions have not been charged to the respective service delivery departments and therefore an unintended cross subsidization of rates and general services takes place. Surpluses generated by the service delivery departments are absorbed in the general operations through the allocation of administrative and other overhead cost associated with governance.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under governance and administration.

**Table 9 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - Executive & Council		94 588	115 455	130 251	–	166 463	166 463	131 055	138 892	162 525
Vote 2 - Municipal Manager		–	14 766	11 834	–	11 643	11 643	13 848	14 707	15 574
Vote 3 - Corporate Services		–	–	–	–	–	–	–	–	–
Vote 4 - Financial Services		46 824	50 065	57 595	202 808	72 378	72 378	71 152	78 410	86 172
Vote 5 - Community and Public Safety		32 311	27 790	40 918	38 317	42 303	42 303	46 725	49 625	52 602
Vote 6 - Technical Services		224 593	238 808	262 652	282 079	308 876	308 876	349 089	377 153	410 772
Vote 7 -		–	–	–	–	–	–	–	–	–
Vote 8 -		–	–	–	–	–	–	–	–	–
Vote 9 -		–	–	–	–	–	–	–	–	–
Vote 10 -		–	–	–	–	–	–	–	–	–
Vote 11 -		–	–	–	–	–	–	–	–	–
Vote 12 -		–	–	–	–	–	–	–	–	–
Vote 13 -		–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	398 316	446 883	503 249	523 204	601 663	601 663	611 870	658 787	727 645
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		72 989	33 881	81 263	24 769	60 496	60 496	68 011	73 676	77 456
Vote 2 - Municipal Manager		12 634	34 376	19 373	23 137	25 961	25 961	27 952	29 453	31 327
Vote 3 - Corporate Services		22 846	32 291	44 924	21 134	24 624	24 624	24 146	25 828	27 570
Vote 4 - Financial Services		22 556	20 408	24 215	27 004	31 682	31 682	35 312	34 705	37 174
Vote 5 - Community and Public Safety		101 230	128 791	116 372	119 140	169 593	169 593	143 049	138 619	149 321
Vote 6 - Technical Services		191 943	214 563	227 091	295 254	282 257	282 257	280 887	301 479	324 736
Vote 7 -		–	–	–	–	–	–	–	–	–
Vote 8 -		–	–	–	–	–	–	–	–	–
Vote 9 -		–	–	–	–	–	–	–	–	–
Vote 10 -		–	–	–	–	–	–	–	–	–
Vote 11 -		–	–	–	–	–	–	–	–	–
Vote 12 -		–	–	–	–	–	–	–	–	–
Vote 13 -		–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	424 198	464 310	513 240	510 438	594 613	594 613	579 358	603 761	647 583
Surplus/(Deficit) for the year	2	(25 882)	(17 426)	(9 990)	12 766	7 049	7 049	32 512	55 027	80 062

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of Oudtshoorn Municipality. This means it is possible to present the operating surplus or deficit of a vote.

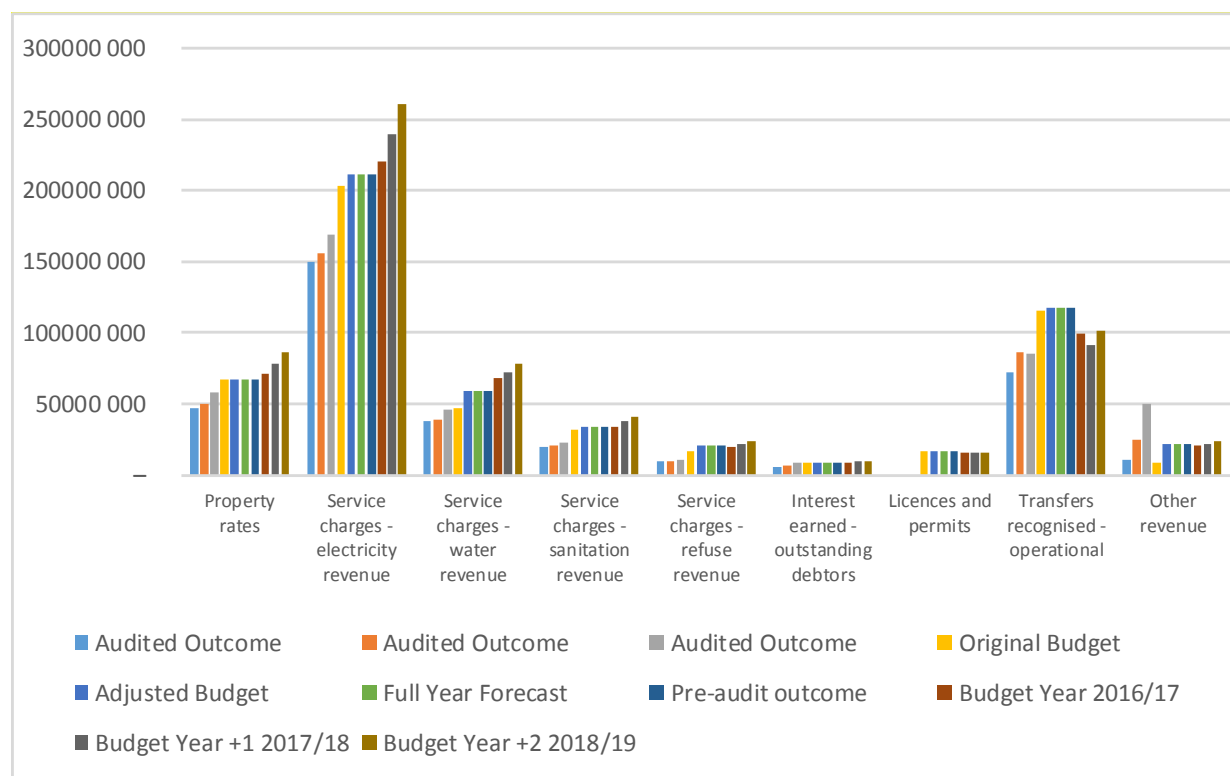


**Table 10 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

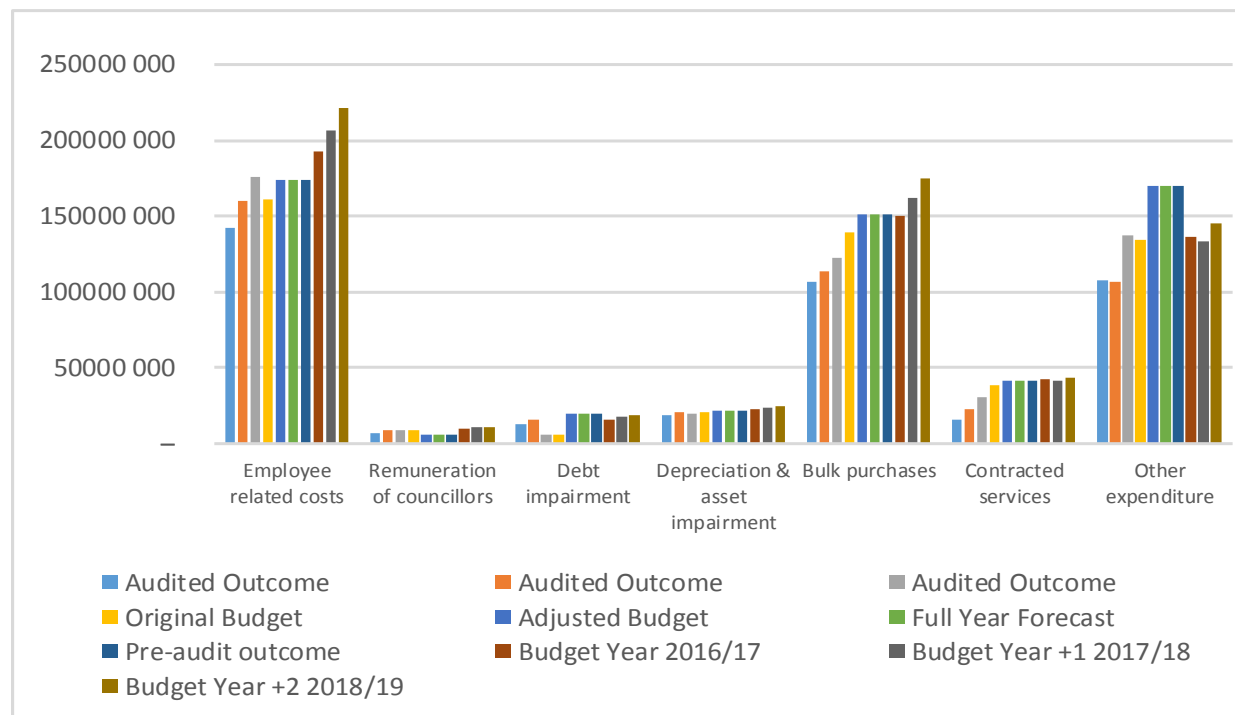
Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>											
Property rates	2	46 824	50 065	57 595	66 621	66 897	66 897	66 897	71 152	78 410	86 172
Property rates - penalties & collection charges		-	-	-	-	-	-	-			
Service charges - electricity revenue	2	149 723	156 345	169 372	203 177	211 368	211 368	211 368	220 535	239 918	261 001
Service charges - water revenue	2	37 786	38 671	46 120	47 247	58 554	58 554	58 554	68 228	71 671	78 601
Service charges - sanitation revenue	2	19 201	20 795	23 129	31 655	33 880	33 880	33 880	34 092	37 558	41 298
Service charges - refuse revenue	2	9 223	9 728	11 078	16 165	20 465	20 465	20 465	20 043	22 019	24 138
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		2 250	1 908	2 354	3 512	3 512	3 512	3 512	2 162	2 296	2 431
Interest earned - external investments		1 401	2 674	657	708	257	257	257	274	291	308
Interest earned - outstanding debtors		5 313	6 416	8 751	8 656	8 656	8 656	8 656	8 650	9 186	9 728
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		926	4 840	7 808	1 900	1 900	1 900	1 900	2 025	2 151	2 278
Licences and permits		-	-	-	16 740	16 675	16 675	16 675	15 576	15 842	16 009
Agency services		4 316	4 136	3 161	-	-	-	-	-	-	-
Transfers recognised - operational		71 819	85 920	85 537	115 869	117 460	117 460	117 460	99 199	91 826	101 170
Other revenue	2	10 688	24 916	49 858	8 467	21 800	21 800	21 800	20 931	22 095	23 266
Gains on disposal of PPE		1 186	48	-	2 487	-	-	-			
Total Revenue (excluding capital transfers and contributions)		360 657	406 462	465 421	523 204	561 425	561 425	561 425	562 866	593 261	646 400
<b>Expenditure By Type</b>											
Employee related costs	2	142 339	160 122	175 513	161 156	173 630	173 630	173 630	193 215	207 066	221 307
Remuneration of councillors		7 197	8 336	8 783	9 024	5 812	5 812	5 812	9 622	10 315	11 058
Debt impairment	3	12 955	15 932	6 031	5 500	20 038	20 038	20 038	15 697	17 266	18 993
Depreciation & asset impairment	2	18 850	20 276	19 526	20 716	21 808	21 808	21 808	22 273	23 654	25 050
Finance charges		12 834	14 545	11 783	7 771	9 002	9 002	9 002	7 879	7 133	6 294
Bulk purchases	2	106 575	114 059	122 065	138 994	151 494	151 494	151 494	150 329	162 141	174 881
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		15 399	22 528	30 231	38 914	41 713	41 713	41 713	31 087	29 795	31 224
Transfers and grants		746	1 319	1 745	1 300	1 354	1 354	1 354	1 500	1 500	1 500
Other expenditure	4, 5	107 306	107 192	137 562	134 496	170 089	170 089	170 089	147 755	144 890	157 277
Loss on disposal of PPE		-	-	-	-	-	-	-			
Total Expenditure		424 198	464 310	513 240	517 872	594 940	594 940	594 940	579 358	603 761	647 583
<b>Surplus/(Deficit)</b>											
Transfers recognised - capital		(63 541)	(57 848)	(47 820)	5 332	(33 515)	(33 515)	(33 515)	(16 492)	(10 499)	(1 183)
Contributions recognised - capital	6	37 659	40 421	37 829	47 138	40 238	40 238	40 238	49 004	65 526	81 245
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(25 882)	(17 426)	(9 991)	52 470	6 723	6 723	6 723	32 512	55 027	80 062
Taxation		-	-	-	-	-	-	-			
Surplus/(Deficit) after taxation		(25 882)	(17 426)	(9 991)	52 470	6 723	6 723	6 723	32 512	55 027	80 062
Attributable to minorities		-	-	-	-	-	-	-			
Surplus/(Deficit) attributable to municipality		(25 882)	(17 426)	(9 991)	52 470	6 723	6 723	6 723	32 512	55 027	80 062
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(25 882)	(17 426)	(9 991)	52 470	6 723	6 723	6 723	32 512	55 027	80 062

### Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R 562.866 million in 2016/17 and increases to R 593.261 million by 2017/18. This represents a year-on-year increase of 5.40% for the 2016/17 financial year and an increase of 8.95% for the 2018/19 financial year.
2. Revenue to be generated from property rates is R71.152 million in the 2016/17 financial year and increases to R 86.17 million by 2018/19 which represents 13.33% of the operating revenue base of Oudtshoorn Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 10.6%, 10.2% and 9.9% for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of Oudtshoorn Municipality totaling R 342.89 million for the 2016/17 financial year and increasing to R 405 million by 2018/19. For the 2016/17 financial year services charges amount to 60.92% of the total revenue base.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. Operational grants in the amount of R 99.199 million represent 17.6% of revenue for the 2016/2017 financial year. The amount increases slightly over the MTREF to R 101.170 million in 2018/2019.
5. The following graph illustrates the major revenue items per type over the 7 year budget cycle.



6. The following graph illustrates the major expenditure items per type over the 7 year budget cycle.



**Figure 3 Expenditure by major type**

7. Bulk purchases have significantly increased over the 7 year horizon from R106 million in 2012/2013 to R174.8 million in 2018/2019. These increases can mainly be attributed to the substantial increase in the cost of bulk electricity from Eskom.
8. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 11 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure - to be appropriated</b>	<b>2</b>										
Vote 1 - Executive & Council		1 938	15	734	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		19 277	4 753	15	6 000	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services		852	69	349	790	-	-	-	-	-	-
Vote 5 - Community and Public Safety		1 041	6	519	-	5 281	5 281	5 281	7 162	6 140	6 140
Vote 6 - Technical Services		22 635	37 175	36 631	54 138	34 457	34 457	34 457	35 386	50 900	64 689
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	<b>45 743</b>	<b>42 019</b>	<b>38 249</b>	<b>60 928</b>	<b>39 738</b>	<b>39 738</b>	<b>39 738</b>	<b>42 547</b>	<b>57 040</b>	<b>70 829</b>
<b>Single-year expenditure - to be appropriated</b>	<b>2</b>										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community and Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>		<b>45 743</b>	<b>42 019</b>	<b>38 249</b>	<b>60 928</b>	<b>39 738</b>	<b>39 738</b>	<b>39 738</b>	<b>42 547</b>	<b>57 040</b>	<b>70 829</b>
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		<b>2 790</b>	<b>85</b>	<b>1 084</b>	<b>790</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Executive and council		1 938	15	734	-	-	-	-	-	-	-
Budget and treasury office		852	69	349	790	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>1 041</b>	<b>6</b>	<b>122</b>	<b>4 000</b>	<b>4 069</b>	<b>4 069</b>	<b>4 069</b>	<b>2 956</b>	<b>2 851</b>	<b>2 851</b>
Community and social services		341	6	-	-	-	-	-	-	-	-
Sport and recreation		667	-	122	4 000	4 069	4 069	4 069	2 956	2 851	2 851
Public safety		33	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>26 012</b>	<b>12 435</b>	<b>7 499</b>	<b>28 138</b>	<b>4 706</b>	<b>4 706</b>	<b>4 706</b>	<b>4 247</b>	<b>5 702</b>	<b>6 636</b>
Planning and development		19 277	4 753	15	-	-	-	-	-	-	-
Road transport		6 735	7 683	7 484	28 138	4 706	4 706	4 706	4 247	5 702	6 636
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>15 899</b>	<b>29 492</b>	<b>29 544</b>	<b>26 000</b>	<b>30 963</b>	<b>30 963</b>	<b>30 963</b>	<b>35 345</b>	<b>48 488</b>	<b>61 342</b>
Electricity		1 641	2 618	12 266	6 000	9 633	9 633	9 633	7 895	12 877	8 491
Water		10 445	20 150	12 818	20 000	10 257	10 257	10 257	17 761	27 496	44 737
Waste water management		3 814	6 724	4 063	-	9 860	9 860	9 860	5 482	4 825	4 825
Waste management		-	-	397	-	1 212	1 212	1 212	4 206	3 289	3 289
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>45 743</b>	<b>42 019</b>	<b>38 249</b>	<b>60 928</b>	<b>39 738</b>	<b>39 738</b>	<b>39 738</b>	<b>42 547</b>	<b>57 040</b>	<b>70 829</b>
<b>Funded by:</b>											
National Government		38 072	32 681	36 826	47 138	39 738	39 738	39 738	42 547	57 040	70 829
Provincial Government		37	3 708	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>38 109</b>	<b>36 388</b>	<b>36 826</b>	<b>47 138</b>	<b>39 738</b>	<b>39 738</b>	<b>39 738</b>	<b>42 547</b>	<b>57 040</b>	<b>70 829</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>1 676</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>6</b>	<b>209</b>	<b>5 493</b>	<b>1 036</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>5 749</b>	<b>138</b>	<b>387</b>	<b>13 790</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>45 743</b>	<b>42 019</b>	<b>38 249</b>	<b>60 928</b>	<b>39 738</b>	<b>39 738</b>	<b>39 738</b>	<b>42 547</b>	<b>57 040</b>	<b>70 829</b>

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations. Multi-year projects are those projects that will not be commissioned at the end of the financial year but will stretch over more than one financial year.
3. Single-year capital expenditure has been appropriated at R 42.547 million for the 2016/17 financial year and increases over the MTREF to R 57 million and R 70.8 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of Oudtshoorn Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital program is funded from only capital grants and transfers as insufficient cash flow is available to utilize own resources for the funding of capital. For 2016/17, capital transfers totals R 42.547 million and increases to R 57.0 million by 2017/18 and R70.8 million by 2018/2019. It is not envisaged to take up any further borrowing over the MTREF.

**Table 12 MBRR Table A6 - Budgeted Financial Position**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		7 487	2 801	203	–	–	–	–			
Call investment deposits	1	9 488	9 808	88	5 000	5 000	5 000	5 000	7 500	7 950	8 427
Consumer debtors	1	46 763	54 006	64 569	46 300	46 300	46 300	46 300	55 000	50 000	45 000
Other debtors		47 986	18 195	19 230	19 230	–	–	–			
Current portion of long-term receivables		–	–	–	–	–	–	–			
Inventory	2	1 370	1 363	1 679	–	–	–	–			
Total current assets		113 092	86 172	85 769	70 530	51 300	51 300	51 300	62 500	57 950	53 427
Non current assets											
Long-term receivables			–	–	–	–	–	–			
Investments			–	–	–	–	–	–			
Investment property		87 095	77 242	76 938	–	–	–	–			
Investment in Associate			–	–	–	–	–	–			
Property, plant and equipment	3	585 218	622 958	639 743	688 154	688 154	688 154	688 154	677 947	723 333	772 112
Agricultural			–	–	–	–	–	–			
Biological			–	–	–	–	–	–			
Intangible		378	384	418	–	–	–	–			
Other non-current assets		8 979	23 981	19 714	–	–	–	–			
Total non current assets		681 670	724 564	736 813	688 154	688 154	688 154	688 154	677 947	723 333	772 112
TOTAL ASSETS		794 763	810 736	822 582	758 684	739 454	739 454	739 454	740 447	781 283	825 539
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	48 025	–	–	–	–			
Borrowing	4	16 121	16 201	16 528	10 851	10 851	10 851	10 851	9 504	10 251	11 090
Consumer deposits		5 489	6 074	6 612	–	–	–	–			
Trade and other payables	4	44 131	61 627	70 817	23 750	93 000	93 000	93 000	85 000	70 000	64 000
Provisions		18 813	20 194	23 055	–	–	–	–			
Total current liabilities		84 554	104 096	165 036	34 601	103 851	103 851	103 851	94 504	80 251	75 090
Non current liabilities											
Borrowing		92 219	80 588	69 332	109 206	109 206	109 206	109 206	91 822	74 438	57 055
Provisions		140 123	153 066	125 218	143 144	143 144	143 144	143 144	148 917	164 792	181 594
Total non current liabilities		232 343	233 654	194 551	252 350	252 350	252 350	252 350	240 739	239 230	238 649
TOTAL LIABILITIES		316 896	337 750	359 587	286 951	356 201	356 201	356 201	335 243	319 481	313 739
NET ASSETS	5	477 866	472 986	462 995	471 733	383 253	383 253	383 253	405 204	461 802	511 801
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		477 686	472 986	462 995	452 503	383 253	383 253	383 253	405 204	461 802	511 801
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	477 686	472 986	462 995	452 503	383 253	383 253	383 253	405 204	461 802	511 801

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 13 MBRR Table A7 - Budgeted Cash Flow Statement**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		46 824	50 065	79 475	63 290	66 897	66 897	66 897	71 152	78 410	86 172
Service charges		215 934	225 539	249 699	283 332	324 267	324 267	324 267	342 897	371 166	405 038
Other revenue		1 015	34 883	19 535	33 011	43 887	43 887	43 887	40 694	42 383	43 985
Government - operating	1	71 819	85 920	85 537	115 869	117 460	117 460	117 460	99 199	91 826	101 170
Government - capital	1	37 659	40 421	37 829	47 138	40 238	40 238	40 238	49 004	65 526	81 245
Interest		6 714	9 090	9 408	9 365	8 913	8 913	8 913	8 923	9 477	10 036
Dividends				-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(349 944)	(405 430)	(481 844)	(482 585)	(584 584)	(584 584)	(584 584)	(569 978)	(595 128)	(639 790)
Finance charges		(12 834)	(14 545)	(11 783)	(7 771)	(9 002)	(9 002)	(9 002)	(7 879)	(7 133)	(6 294)
Transfers and Grants	1	(746)	(1 319)	(1 745)	(1 300)	(1 354)	(1 354)	(1 354)	(1 500)	(1 500)	(1 500)
NET CASH FROM/(USED) OPERATING ACTIVITIES		16 442	24 624	(13 890)	60 348	6 723	6 723	6 723	32 512	55 027	80 062
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1 186	112	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	6 452	12 800	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(46 063)	(44 081)	(38 249)	(60 928)	(39 738)	(39 738)	(39 738)	(42 547)	(57 040)	(70 829)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(44 877)	(43 969)	(31 797)	(48 128)	(39 738)	(39 738)	(39 738)	(42 547)	(57 040)	(70 829)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		35 308	124	157	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		339	585	(3 726)	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(5 801)	(11 675)	(11 085)	(10 895)	(10 756)	(10 756)	(10 756)	(9 504)	(10 251)	(11 090)
NET CASH FROM/(USED) FINANCING ACTIVITIES		29 846	(10 966)	(14 655)	(10 895)	(10 756)	(10 756)	(10 756)	(9 504)	(10 251)	(11 090)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	15 564	42 919	12 608	(47 748)	(47 734)	(47 734)	(47 734)	(91 504)	(111 043)	(123 308)
Cash/cash equivalents at the year end:	2	16 975	12 608	(47 734)	(46 423)	(91 504)	(91 504)	(91 504)	(111 043)	(123 308)	(125 164)

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The cash level of Oudtshoorn Municipality is dismal to say the least and it improves slightly over the MTREF to a position where the cash position will stabilize in the outer year of the MTREF is revenue targets are met and austerity measures are religiously applied.
4. A cash surplus will most probably only be attained over a 5 year period considering current revenue and expenditure trends.



**Table 14 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	16 975	12 608	(47 734)	(46 423)	(91 504)	(91 504)	(91 504)	(111 043)	(123 308)	(125 164)
Other current investments > 90 days		(1)	0	0	51 423	96 504	96 504	96 504	118 543	131 258	133 591
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>16 975</b>	<b>12 608</b>	<b>(47 734)</b>	<b>5 000</b>	<b>5 000</b>	<b>5 000</b>	<b>5 000</b>	<b>7 500</b>	<b>7 950</b>	<b>8 427</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	-	-	30 000	30 000	30 000	25 000	20 000	19 000
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(43 177)	(8 908)	(6 238)	(37 806)	17 603	17 603	17 603	6 027	916	803
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>(43 177)</b>	<b>(8 908)</b>	<b>(6 238)</b>	<b>(37 806)</b>	<b>47 603</b>	<b>47 603</b>	<b>47 603</b>	<b>31 027</b>	<b>20 916</b>	<b>19 803</b>
<b>Surplus(shortfall)</b>		<b>60 152</b>	<b>21 516</b>	<b>(41 495)</b>	<b>42 806</b>	<b>(42 603)</b>	<b>(42 603)</b>	<b>(42 603)</b>	<b>(23 527)</b>	<b>(12 966)</b>	<b>(11 376)</b>

### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

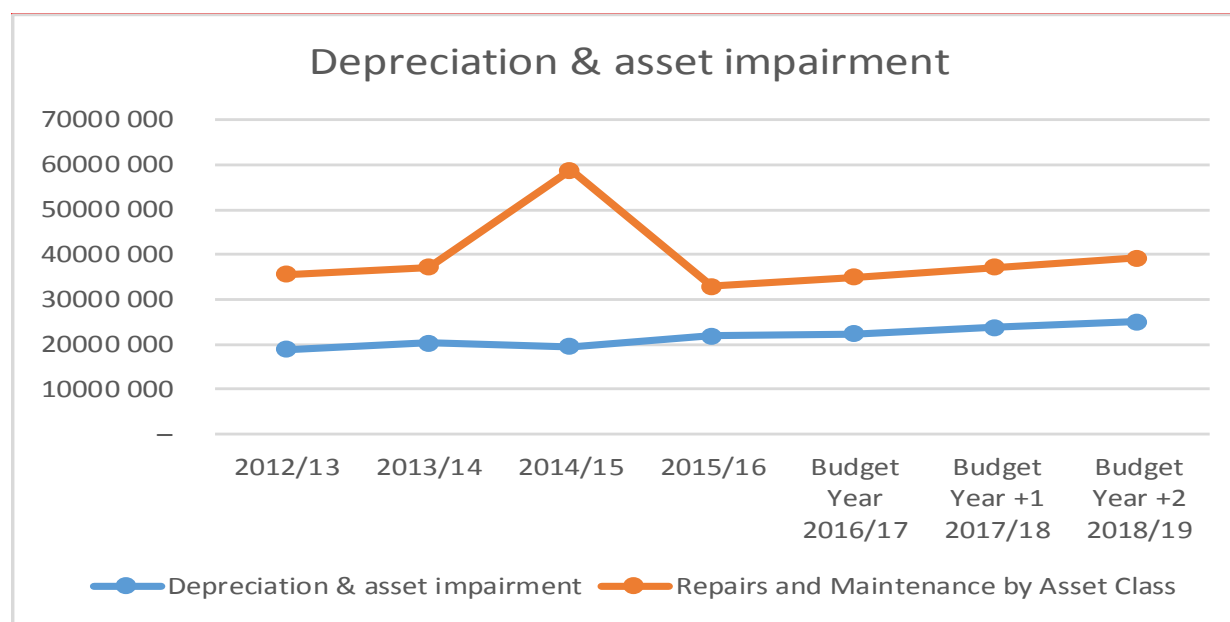
1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. There is compliance with section 18 of the MFMA because the budget is funded and there is no shortfall.
5. From the table it can be seen that for the financial period 2016/17 a shortfall is reflected, it will however only improve slightly over the MTREF indicating a slow recovery.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the draft 2016/17 MTREF is not funded.

Table 15 MBRR Table A9 - Asset Management

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
CAPITAL EXPENDITURE										
<b>Total New Assets</b>	1	23 108	5 514	7 497	10 290	9 633	9 633	15 212	16 447	12 500
Infrastructure - Road transport		—	2 795	—	—	—	—	3 370	3 947	3 947
Infrastructure - Electricity		—	1 896	7 110	6 000	9 633	9 633	3 509	3 947	—
Infrastructure - Water		—	—	—	—	—	—	—	877	877
Infrastructure - Sanitation		—	—	—	—	—	—	5 482	4 825	4 825
Infrastructure - Other		3 326	—	—	—	—	—	—	—	—
Infrastructure		3 326	4 691	7 110	6 000	9 633	9 633	12 361	13 596	9 649
Community		17 618	499	—	2 000	—	—	2 851	2 851	2 851
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets		2 164	324	387	2 290	—	—	—	—	—
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
<b>Total Renewal of Existing Assets</b>	2	22 635	36 505	30 752	50 638	30 105	30 105	27 335	40 593	58 329
Infrastructure - Road transport		6 735	4 887	7 461	28 138	4 706	4 706	877	1 754	2 689
Infrastructure - Electricity		1 641	722	5 157	—	—	—	4 386	8 930	8 491
Infrastructure - Water		10 445	20 150	12 818	20 000	10 257	10 257	17 761	26 619	43 860
Infrastructure - Sanitation		3 814	6 724	4 063	—	9 860	9 860	—	—	—
Infrastructure - Other		—	—	397	—	1 212	1 212	4 206	3 289	3 289
Infrastructure		22 635	32 484	29 896	48 138	26 036	26 036	27 231	40 593	58 329
Community		—	4 021	124	—	4 069	4 069	105	—	—
Heritage assets		—	—	—	2 500	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets		—	—	732	—	—	—	—	—	—
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
<b>Total Capital Expenditure</b>	4									
Infrastructure - Road transport		6 735	7 683	7 461	28 138	4 706	4 706	4 247	5 702	6 636
Infrastructure - Electricity		1 641	2 618	12 266	6 000	9 633	9 633	7 895	12 877	8 491
Infrastructure - Water		10 445	20 150	12 818	20 000	10 257	10 257	17 761	27 496	44 737
Infrastructure - Sanitation		3 814	6 724	4 063	—	9 860	9 860	5 482	4 825	4 825
Infrastructure - Other		3 326	—	397	—	1 212	1 212	4 206	3 289	3 289
Infrastructure		25 960	37 175	37 005	54 138	35 669	35 669	39 592	54 189	67 978
Community		17 618	4 520	124	2 000	4 069	4 069	2 956	2 851	2 851
Heritage assets		—	—	—	2 500	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets		2 164	324	1 120	2 290	—	—	—	—	—
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class	2	45 743	42 019	38 249	60 928	39 738	39 738	42 547	57 040	70 829
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	6 735	7 683	7 461	35 599	40 306	40 306	44 553	50 254	56 890
Infrastructure - Electricity		1 641	2 618	12 266	18 266	27 900	27 900	35 794	48 671	57 163
Infrastructure - Water		10 445	20 150	12 818	32 818	43 075	43 075	60 836	88 333	133 070
Infrastructure - Sanitation		3 814	6 724	4 063	4 063	13 924	13 924	19 406	24 231	29 055
Infrastructure - Other		3 326	—	397	397	1 609	1 609	5 815	9 105	12 394
Infrastructure		25 960	37 175	37 005	91 143	126 813	126 813	166 404	220 594	288 572
Community		17 618	4 520	124	2 124	6 193	6 193	9 148	11 999	14 850
Heritage assets		—	—	—	2 500	—	—	—	—	—
Investment properties		87 095	77 242	76 938	—	—	—	—	—	—
Other assets		2 164	324	1 120	3 410	—	—	—	—	—
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		378	384	418	—	—	—	—	—	—
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	133 216	119 645	115 605	99 177	133 005	133 005	175 553	232 593	303 422
EXPENDITURE OTHER ITEMS										
<b>Depreciation &amp; asset impairment</b>		18 850	20 276	19 526	20 716	21 808	21 808	22 273	23 654	25 050
<b>Repairs and Maintenance by Asset Class</b>	3	16 777	16 943	39 299	18 765	11 042	11 042	12 650	13 434	14 227
Infrastructure - Road transport		3 899	3 688	22 706	5 492	3 142	3 142	3 349	3 557	3 767
Infrastructure - Electricity		1 404	1 318	1 205	1 445	1 920	1 920	2 057	2 184	2 313
Infrastructure - Water		3 368	2 741	3 559	4 014	1 828	1 828	1 949	2 070	2 192
Infrastructure - Sanitation		1 025	798	1 438	1 821	792	792	844	897	950
Infrastructure - Other		2 956	4 335	5 581	648	603	603	643	683	723
Infrastructure		12 652	12 880	34 488	13 420	8 285	8 285	8 842	9 390	9 944
Community		1 402	1 045	1 431	2 661	1 182	1 182	1 253	1 330	1 409
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6, 7	2 722	3 018	3 380	2 685	1 575	1 575	2 555	2 714	2 874
TOTAL EXPENDITURE OTHER ITEMS		35 627	37 219	58 825	39 481	32 850	32 850	34 923	37 088	39 277

### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40% of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. The Municipality does not meet these recommendations, repairs and maintenance are less than 2% of total expenditure and it places the health of assets at risk and can lead to a shortened useful life and thus an earlier need for replacement.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights Oudtshoorn Municipality's predicament when it comes to addressing critical maintenance backlogs.



**Figure 4 Depreciation in relation to repairs and maintenance over the MTREF**

Table 16 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		13 290	16 348	17 983	19 781	19 781	19 781	21 759	21 579	23 935
Piped water inside yard (but not in dwelling)		-	26	29	31	31	31	35	38	38
Using public tap (at least min.service level)	2	-	1 027	1 130	1 243	1 243	1 243	1 367	1 504	1 504
Other water supply (at least min.service level)	4	-	6 486	7 135	7 848	7 848	7 848	8 633	9 496	9 496
<i>Minimum Service Level and Above sub-total</i>		13 290	23 887	26 277	28 903	28 903	28 903	31 794	32 617	34 973
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	13 290	23 887	26 277	28 903	28 903	28 903	31 794	32 617	34 973
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	15 957	15 957	15 957	15 957	15 957	15 957	15 957	15 957
Flush toilet (with septic tank)		-	1 444	1 444	1 444	1 444	1 444	1 444	1 444	1 444
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	17 401	17 401	17 401	17 401	17 401	17 401	17 401	17 401
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	17 401	17 401	17 401	17 401	17 401	17 401	17 401	17 401
<b>Energy:</b>										
Electricity (at least min.service level)		-	23 887	23 887	23 887	23 887	23 887	24 012	24 612	25 112
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	23 887	23 887	23 887	23 887	23 887	24 012	24 612	25 112
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	23 887	23 887	23 887	23 887	23 887	24 012	24 612	25 112
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	23 887	23 887	23 887	23 887	23 887	24 012	24 612	25 112
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	23 887	23 887	23 887	23 887	23 887	24 012	24 612	25 112
<b>Total number of households</b>	5	-	23 887	23 887	23 887	23 887	23 887	24 012	24 612	25 112
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		3 112	3 517	4 144	2 797	3 251	3 251	3 251	4 430	4 913
Water (in excess of 6 kilolitres per indigent household per month)		2 418	2 690	8 673	2 703	9 775	9 775	9 775	8 596	9 559
Sanitation (in excess of free sanitation service to indigent households)		3 431	4 002	3 170	3 832	(24)	(24)	(24)	6 595	7 057
Electricity/other energy (in excess of 50 kwh per indigent household per month)		5 732	6 401	6 901	7 618	(944)	(944)	(944)	6 568	7 659
Refuse (in excess of one removal a week for indigent households)		3 450	4 016	3 232	4 351	2 813	2 813	2 813	6 715	7 185
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of subsidised services provided</b>	6	18 144	20 625	26 120	21 301	14 870	14 870	14 870	32 904	36 372

## Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

## **Part 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

#### **Political overview of the budget process**

Section 53 of the MFMA stipulates that the Mayor should exercise general political guidance over the budgeting process and must direct the drafting of the budget, in the case of Oudtshoorn municipality the administrator fulfills the responsibility of the mayor and it is under his hand that the budget and supporting documentation is presented to council for consideration.

#### **2.1.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year, a time schedule that sets out the process to revise the IDP and prepare the budget.

The required IDP and budget time schedule was prepared in August 2015 with relevant key deadlines as follows:

- **3 to 27 August 2015** – Ward committee meetings
- **1 September to 02 October 2015** – Public participation meetings with communities.
- **25 September 2015** – First community sector forum meeting.
- **September 2015** – IDP Indaba 1, with Sector departments
- **1 to 28 September 2015** – 2<sup>nd</sup> Ward committee meetings.
- **1 to 10 December 2015** – 5<sup>th</sup> Ward committee meeting
- **February 2016** - IDP indaba 2.
- **30 March 2016** – Tabling of the draft budget
- **01-28 April 2016** - Public participation of draft budget
- **31 May 2014** – Submission of the budget to council for consideration and approval

#### **2.1.2 IDP and Service Delivery and Budget Implementation Plan**

The 2016/2017 and MTREF is also the last review of the IDP and the consultation process commenced after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2016/17 MTREF in September 2015.

Oudtshoorn Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan includes the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;

- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2016/17 MTREF, based on the approved 2015/16 MTREF, mid-year review and adjustments budget. The planning process has subsequently been adjusted after considering the revised revenue projections and expenditure patterns contained in the approved adjustments budget. The most significant factor impacting on the IDP, planning and budgeting processes is the financial crisis that the municipality finds itself in, and various projects, plans and priorities needs to be put on hold until the municipality has recovered sufficiently to enable the affordability thereof.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2015/16 adjusted budget.

### **2.1.3 Financial Modeling and Key Planning Drivers**

As part of the compilation of the 2016/17 MTREF, extensive financial analysis was undertaken for a variety of expenditure items and categories to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Growth in the local economy;
- Policy priorities and strategic objectives;
- Asset maintenance;
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns and need for housing);
- Performance trends where available;
- The approved 2015/16 adjustments budget and year-to-date performance;
- Cash flow management strategy, recovery from the verge of bankruptcy;
- Debtor payment levels;
- Investment possibilities;
- The need for tariff increases to aide in the recovery versus the ability of the community to pay for services;
- Improved and sustainable service delivery under extreme financial distress.

In addition to the above, the contents of the National Treasury's MFMA previous budget related circulars and recent ones in Circular 78 and 79 have been taken into account in the planning and prioritisation process.

### **2.1.4 Community Consultation**

The draft 2016/17 MTREF as tabled before Council today will be published in the local media and municipal notice boards, libraries and on the municipality's website to afford the community the opportunity to provide input on the draft budget and to ensure transparency in the financial management processes of the municipality.

The input received from the local community will be considered prior to the finalisation and submission of the final budget for approval by council end of May 2016.

## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society as highlighted in the National Development Plan can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. This is the last review of the current IDP cycle of 5 years and it is of essence that all stakeholders actively participate in the IDP process in order to ensure appropriate priorities are linked to scarce funding sources.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and Oudtshoorn municipality's response to these requirements. The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- The National Development Plan (NDP)
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and

### **Table 17 IDP Strategic Objectives**

The IDP strategic objectives for Oudtshoorn are listed below:

1. Robust Rural Economy
2. Investment in Infrastructure & Basic Services
3. Integrated Human Settlement & Spatial Planning
4. Human Capital & Skills Development
5. Social Cohesion
6. Good Governance & Institutional Strength

In order to ensure integrated and focused service delivery between all spheres of government it was important for Oudtshoorn Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide water;
  - Provide sanitation;
  - Provide waste removal;
  - Provide housing;
  - Provide roads and storm water;
  - Provide public transport;
  - Provide city planning services; and
  - Maintaining the infrastructure of Oudtshoorn Municipality.
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is spatial development framework for Oudtshoorn Municipality;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Extending waste removal services and ensuring an effective cleansing service;
  - Ensuring all waste water treatment works are operating optimally and obtaining green drop status;
  - Creating a safe environment for our communities in collaboration with the SAPS;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
  - Promote environmental sustainability by protecting wetlands, the environment and key public open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
  - Work with provincial departments to ensure the development of community infrastructure such as schools, hospitals and clinics are properly coordinated.
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - Optimizing effective community participation in the ward committee system; and
  - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound transparent and accountable governance through:
  - Publishing the outcomes of all tender processes on the municipal website
  - Establishing a well-functioning audit- and oversight committee and MPAC



### 5.2 Ensure financial sustainability through:

- Carefully evaluating all spending decisions
- Implementing savings measures across the board
- Limiting the use of consultants and reviewing the use of contracted services
- Ensuring value for money spending in all procurement processes.
- Protecting assets from falling into a state of disrepair and implement the infrastructure renewal strategy and the repairs and maintenance plan in accordance with availability of financial resources

### 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Implementation of the revised organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for Oudtshoorn Municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, Oudtshoorn Municipality needs to undertake an extensive planning and developmental strategy that will primarily focus on a longer-term horizon; 15 to 20 years. This process is necessary to influence the future development path and to set clear goals for the future development within the municipal area. The strategy needs to target future developmental opportunities in traditional dormitory settlements. It should provide direction to Oudtshoorn Municipality's IDP, associated sectorial plans and strategies, and the allocation of resources from the municipality and other service delivery partners.

The long term plan also needs to address the financial recovery of the municipality over a 5 to 7 year horizon. It should also give financial direction to the municipality over the next 10 to 15 years setting out revenue, expenditure and capital requirements and funding predictions. A long term financial plan should not only take into account financial analysis but a broader analysis which includes condition of the infrastructure, social and economic trends needs to form part of the analysis to properly plan for the future sustainability of the municipality.

The 2016/17 MTREF has therefore been informed by the IDP process and the following tables provide reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 18 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Robust Rural Economy	Creating opportunities for growth and development in rural areas											
Integrated Human Settlements and Spatial Planning	• Developing integrated and sustainable human settlements			32 311	42 556	52 752	3 512	53 945	53 945	60 574	64 332	68 176
Investment in infrastructure and basic services	• Increase access to safe & efficient transport			224 593	238 808	262 652	316 884	308 876	308 876	349 089	377 153	410 772
Human Capital and Skills Development	• Mainstreaming sustainable and optimizing resource-use efficiency			46 824	50 065	57 595	202 808	72 378	72 378	71 152	78 410	86 172
Social Cohesion Good Governance and Institutional Strength	• Increase social cohesion Enhance public participation and compliance			94 588	115 455	130 251	47 138	166 463	166 463	131 055	138 892	162 525

**Table 19 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

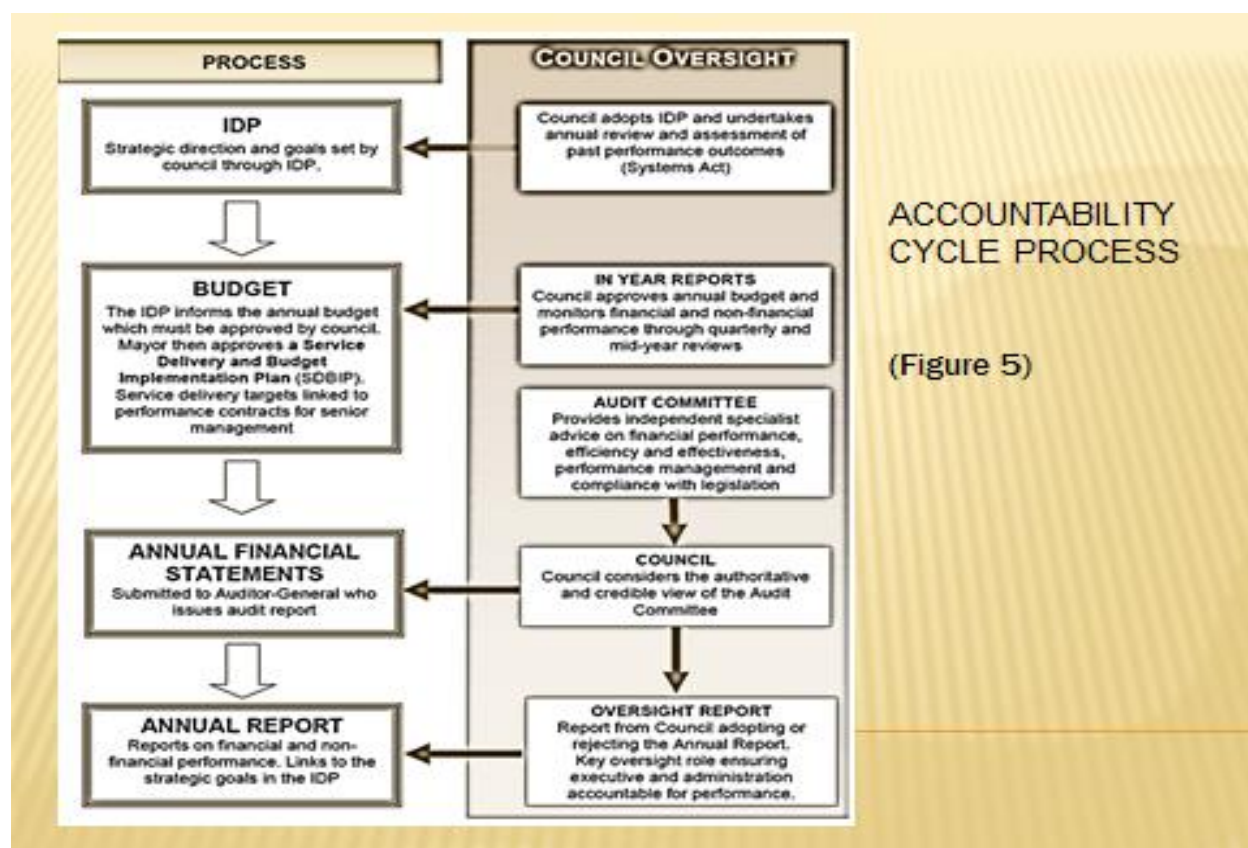
Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Robust Rural Economy	Creating opportunities for growth and development in rural areas											
Integrated Human Settlements and Spatial Planning	• Developing integrated and sustainable human settlements			113 864	163 167	135 745	142 277	195 554	195 554	171 001	168 073	180 648
Investment in infrastructure and basic services	• Increase access to safe & efficient transport			191 943	214 563	227 091	295 254	282 257	282 257	280 887	301 479	324 736
Human Capital and Skills Development	• Mainstreaming sustainable and optimizing resource-use efficiency			22 556	20 408	24 215	27 004	31 682	31 682	35 312	34 705	37 174
Social Cohesion	• Increase social cohesion											
Good Governance and Institutional Strength	Enhance public participation and compliance			95 834	66 172	126 187	45 903	85 120	85 120	92 157	99 504	105 026

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand												
Robust Rural Economy	Creating opportunities for growth and development in rural areas	A										
Integrated Human Settlements and Spatial Planning	• Developing integrated and sustainable human settlements	B		36 218	34 251	29 681	30 000	35 032	35 032	38 300	51 339	64 193
		C										
Investment in infrastructure and basic services	• Increase access to safe & efficient transport	D		6 735	7 683	7 484	28 138	4 706	4 706	4 247	5 702	6 636
Human Capital and Skills Development	• Mainstreaming sustainable and optimizing resource-use efficiency	G										
Social Cohesion	• Increase social cohesion	H										
Good Governance and Institutional Strength	Enhance public participation and compliance	I		2 790	85	1 084	2 790	–	–			
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	45 743	42 019	38 249	60 928	39 738	39 738	42 547	57 040	70 829

## 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, Oudtshoorn Municipality needs to develop and implement a performance management system which is constantly refined as the integrated planning process unfolds. The Municipality must target, monitor, assess and review organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



**Figure 5 Planning, budgeting and reporting cycle**

The performance of Oudtshoorn Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. Oudtshoorn Municipality therefore must adopt one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);

- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by Oudtshoorn Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

The following table provides some of the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 21 MBRR Table SA7 - Measurable performance objectives**

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Municipal services and Infrastructure</b>										
<b>Water</b>										
<b>Water Distribution</b>										
Number of new water connections	number							133		
<b>Waste Water</b>										
<b>Waste Water Management</b>										
Refurbish of Dysselsdorp WWTW	1							5 482 456	4 824 561	4 824 561
<b>Storm Water</b>										
Upgrading of stormwater system	3							3 070 174	3 070 174	3 070 174
<b>Road and Transport</b>										
<b>Roads</b>										
Paving of streets	KM							1 176 805	1 754 386	1 754 386
Repair and maintenance of streets	KM							2 665 000	2 830 230	2 997 214
<b>Electricity</b>										
<b>Electricity</b>										
Electrification Connections								3 508 772	3 947 368	

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))

2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities

3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

**Table 22 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.4%	5.6%	4.5%	3.6%	3.3%	3.3%	3.3%	3.0%	2.9%	2.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	6.5%	8.2%	6.0%	4.6%	4.5%	4.5%	4.5%	3.7%	3.5%	3.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	592.6%	2.2%	11.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	1.3	0.8	0.5	2.0	0.5	0.5	0.5	0.7	0.7	0.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.3	0.8	0.5	2.0	0.5	0.5	0.5	0.7	0.7	0.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	100.0%	109.2%	98.5%	100.0%	100.0%	100.0%	100.0%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	100.0%	107.1%	95.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	26.3%	17.8%	18.0%	12.5%	8.2%	8.2%	8.2%	9.8%	8.4%	7.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		260.0%	488.8%	-148.4%	-51.2%	-68.8%	-68.8%	-68.8%	-54.0%	-40.5%	-36.0%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	39.5%	39.4%	37.7%	30.8%	30.9%	30.9%	30.9%	34.3%	34.9%	34.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	41.5%	41.4%	39.6%	32.5%	30.9%	30.9%		36.0%	36.6%	35.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.7%	4.2%	8.4%	3.6%	2.0%	2.0%		2.2%	2.3%	2.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.8%	8.6%	6.7%	5.4%	5.5%	5.5%	5.5%	5.4%	5.2%	4.8%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	13.9	15.6	18.8	20.7	20.7	20.7	24.1	23.5	23.7	25.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	35.8%	26.0%	27.1%	17.8%	11.7%	11.7%	11.7%	13.2%	11.1%	9.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.6	0.4	(1.4)	(1.4)	(2.4)	(2.4)	(2.4)	(2.9)	(3.1)	(2.9)

### 2.3.1 Performance indicators and benchmarks

#### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Oudtshoorn Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of Oudtshoorn Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2016/17 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is decreasing over the MTREF from 15.53% at the end of June 2014 to 13.42% as at 30 June 2015. It needs to be mentioned that the ratio would further decrease over the MTREF as no additional borrowing is envisaged to be taken up during the next and subsequent financial years.
- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing will remained constant in the MTREF the ratio is currently at 3%. While borrowing is considered a prudent financial instrument in financing capital infrastructure development the current financial position of the municipality restricts the municipality to take up any further loans.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. We do not envisage to raise any loans over the MTREF until the municipality has recovered financially.

Oudtshoorn Municipality's debt profile provides some interesting insights on Oudtshoorn Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

Oudtshoorn Municipality has raised mainly amortising loans in prior years, hence effectively 'front-loading' its debt service costs. This is reflected in Oudtshoorn Municipality's debt service profile, which predicts a decline in debt service over the MTREF.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of Oudtshoorn Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. Currently the inability of the municipality to timely service its creditors is hampering the prospects of the municipality raising loans at competitive rates in future budget years.

It is very unfortunate that the municipal cash flow is heavily under pressure thereby causing a prolonged period necessary for complete financial recovery.

#### 2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of



loans, creditors, and overdraft as well as tax provisions as a percentage of funds and reserves.

#### 2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark Oudtshoorn Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2014/15 financial period the current ratio was 0.52. The ratio needs to improve over the MTREF to at least reach the minimum of 1 upon the conclusion of the MTREF.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2014/15 financial year the ratio was 0.52 and as part of the long term financial planning strategy it must be increased to 1 in the 2018/19 financial year to indicate that the municipality has sufficient financial resources to meet its current obligations. Although a ratio of 1:1 is set as a target over the MTREF the benchmark is at least a ratio of 2:1

#### 2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, this include engaging with revenue enhancement services to ensure all revenue remains in the revenue net, as well as strict application of the credit control policy to collect all debt current and debt that has fallen in arrears. The strategy also includes above CPI tariff determinations over the entire MTREF to aide in the financial recovery of the municipality.

#### 2.3.1.5 Creditors Management

- Oudtshoorn Municipality has failed to ensure that creditors are settled within the legislated 30 days of invoice. With the liquidity ratio that has worsened it has become extremely difficult to meet the legislative requirement in this regard. A concerted effort will be necessary if the municipality is to meet the legislative requirement in this regard. The municipality's name has been brought into disrepute and suppliers are reluctant to do business with the municipality as a result of continued late payment.

#### 2.3.1.6 Other Indicators

- The electricity distribution losses will be significantly managed and reduced from 8.22% in the 2014/15 financial year to 6% over the MTREF. The initiatives to ensure that these targets are achieved include managing illegal connections, replacement of meters, minimizing unread meters and revenue enhancement initiatives.
- The water distribution losses will also be reduced from a current 20% to be within an acceptable norm of between 12% and 15% upon the outer year of the MTREF being 30 June 2019. Losses are managed through a combination of exception reports, meter deviation reports and revenue enhancement initiatives.

- Employee costs as a percentage of operating revenue is increasing in the 2016/2017 financial year and escalates by R 19.58 million year on year as a result of the provision for the filling of critical management vacancies especially in the finance department as well as the impact that the adoption of the new organizational structure may have. The general salary increase budgeted for 2016/2017 financial year amounts to 7%. Employee related cost continues to be one of the major costs related to service delivery and will be managed to be within acceptable norms and benchmarks for future budgets.
- Repairs and maintenance as percentage of operating revenue is decreasing when compared to prior year budgets as the cash flow situation do not allow for adequate provision to be made for repairs and maintenance expenditure strategy to ensure the management of its asset base.

### **2.3.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of Oudtshoorn Municipality. Registered indigents qualify for free basic services as prescribed by the National Treasury and also receives a rebate on assessment rates.

For the 2016/17 financial year between 6000 and 7000 households will receive free basic services. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ fee water, 50 kwh of electricity, free sanitation and free waste removal services, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in Eskom distribution areas that receive free services and the cost of these services are not taken into account in the table referred to above.

### **2.3.3 Providing clean water and managing waste water**

Oudtshoorn Municipality is the Water Services Authority for the entire municipal area in terms of the Water Services Act, 1997 and also acts as water services provider.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Oudtshoorn Municipality needs to strive towards Blue Drop status in 2016/2017, indicating that Oudtshoorn Municipality's drinking water is of exceptional quality. Oudtshoorn also needs to ensure that waste water complies with minimum standards of treatment and purification in order to ensure that no harm comes to the environment when treated waste water is disposed of.

The following is briefly the main challenges facing Oudtshoorn Municipality with regards to water and waste water management.

- The infrastructure at the waste water treatment works is old and require a total refurbishment to continue meeting quality standards;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Water sources are scarce and bulk water augmentation is critical for the immediate future especially considering the current drought situation.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget, subject to funding availability;
- The filling of vacancies will be prioritized to ensure adequately skilled staff are appointed for service delivery.
- The engineering division is working in consultation with the Department of Water Affairs, neighboring municipalities and the Eden District to address bulk water augmentation.

## **2.4 OVERVIEW OF BUDGET RELATED POLICIES**

The Oudtshoorn Municipality's budgeting process is guided and governed by relevant legislation, strategies and related policies. The purpose of policies is to ensure that there are controls and procedures in place that are not in contravention with the Acts. The policies harmonise with the environment and regulate the municipality. Below are reference to the budget related policies that have been reviewed in the 2016/17 financial year in accordance with MBRR regulation 7. All budget policies will be available for scrutiny and input with the budget documentation.

### **2.4.1 Budget policy**

The objective of the budget policy is to set the principles to which the municipality will follow with the preparation of each medium term revenue and expenditure framework budget, the responsibilities of the Executive Mayor, the Accounting Officer, the Chief Financial Officer and other senior managers in compiling the budget. To further establish and maintain procedures to ensure adherence to Oudtshoorn Municipality's IDP review and budget processes and to provide the Oudtshoorn Municipality with the necessary work documentation and procedures to ensure that the Municipality is in a position to compile, implement, control and report on the annual budget of the Municipality as prescribed by the best practices, act and internal workflows.

The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. A municipality's budget policy and its underlying administrative process within the system of delegations is one of these controls. It is the responsibility of each Head of Department (Sec 57 Managers) to which funds are allocated, to plan and conduct assigned operations so as not to expend more funds than budgeted and to ensure that allocated funds are utilized economically, effectively and efficiently and for approved purpose(s).

There following amendments are proposed on this policy

### **"..... DEFINITIONS**

(a) **“Council”** shall mean the Council of the municipality, any committee or person to which or to whom an instruction has been given or any power has been delegated or sub-delegated in terms of, or as contemplated in, section 59 of the Local Government: Municipal Systems Act, 2000 or a service provider in respect of any power, function or duty of the Council.

(b) **“Councillor”** shall mean a member of the municipal Council of the Oudtshoorn Municipality.

(c) **“Cost Element”** Cost elements distinguish between primary and secondary cost elements. Primary cost elements are expenditure items mainly generated outside the organisation. Secondary cost elements are utilised to reallocate cost by means of assessments, internal billing etc.

(d) **“Chief Financial Officer”** shall mean the head of the Financial Services Department as contemplated in sec 80 of the MFMA.

(e) **“Municipal Manager”** means the person appointed by the Municipal Council as the Municipal Manager for the municipality in terms of section 82 of the Local Government Municipal Structures Act, 1998 (Act No. 117 of 1998) and includes any person to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty.

(f) **“Official”** shall mean all persons in the full-time employment of the Oudtshoorn Municipality.

(g) **“Operational”** shall mean revenue or expenditure included in or to be incurred on the operating budget

(h) **“Capital”** where used alone shall mean the same as asset, for example capital expenditure shall refer to expenses incurred to create an asset or assets.

(i) **“Line item”** shall mean the 14 character number included in the operating budget (example, operating 1-200-1-3000 001-01: Finance: CFO basic salary), and example capital (5-14-200-12345-01-1)

(j) **“Financial”** Year shall mean the period from 1 July until 30 June of the next year.

(k) **“Virement”** shall mean shifting of funds between line items within a Vote. Webster’s New millennium <sup>TM</sup> Dictionary of English defines “Virement” as “*a regulated transfer or re-allocation of money from one account holder, especially public funds.*”

(l) **“SDBIPS”** means Service delivery and budget implementation plans.

(m) **Budget Steering Committee** means the committee that is established in terms of Budget and reporting regulation 4(1) to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the MFMA.

(n) **“Vote”** shall mean a directorate and the municipality’s votes will consist of the following votes:

i. Vote 1. - Finance

ii. Vote 2. – Community Services and Operations

- iii. Vote 3. - Engineering and Planning services
- iv. Vote 4. – Corporate and Protection services
- v. Vote 5. – Municipal Manager
- vi. Vote 6. – Council

**In the case of Oudtshoorn Municipality the definition of Vote is set at directorate level as indicated above.**

(o) **“Project”** shall mean an individual capital project, but will exclude a small capital item not exceeding the amount of R 50 000.00

(p) **“CRR”** shall mean Capital Replacement Reserve

(q) **“LRR”** shall mean Loan Redemption Reserve which is a cash-backed account in the general ledger within the accumulated surplus that will consist of the cash-backed portion of depreciation that must be set aside for the loan redemption of external loans, plus the unspent loan portion.

(r) **“Expenditure by type”** shall mean the following main expenditure classifications in which a budget under different votes can be divided:

- i. Employee related costs;
- ii. Remuneration of councillors;
- iii. Debt impairment;
- iv. Depreciation and asset impairment;
- v. Finance charges;
- vi. Bulk purchases;
- vii. Other materials;
- viii. Contracted services;
- ix. Transfers and grants;
- x. Other expenditure
- xi. Repairs and maintenance .....

## **2.4.2 Credit control and debt collection procedures/policies**

To ensure council collects all debts in respect of rates, service fees and to provide a framework for credit control and debt collection procedures and mechanisms. This strategy further seeks to explore other sources of revenue to enhance the financial muscle of the municipality.

While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

Some of the proposed revisions are as follows:

Page 21(19)

### **6.7 CUSTOMER ASSISTANCE PROGRAMMES**

#### **6.7.1 Water leakages**

- "The municipality will where possible try and repair water leakages to indigents household, and such households are urge to report such leakages."

## **APPLICATION FOR SERVICES AND SERVICE AGREEMENTS**

Page 26 (22)

7.2.16 "No new service agreements between the municipality and tenant will be entered and owners remain responsible for all services on the stand, and services will be on the owners account

7.2.19 (7.2.17) on default by the current tenants, the owner will be the debtor of last resort;

7.2.20 (7.2.18) Where the current municipal services are used/consumed or made use of, and the owner, tenant, or occupants of a property, have not entered into nor completed an agreement for such services, the owner responsible for the payment of rates on the property will be billed for the metered consumption and all municipal service charges applicable to the property."

## **2.4.3 Asset management policy**

Asset Management promotes efficient and effective management, monitoring and control of assets and the objectives of having an Asset Management Policy are:

- To ensure accurate recording of asset information and accurate recording of asset movements.
- To ensure compliance with Council's Insurance Policy, Supply Chain Management Policy and Payment Procedure thereby enforcing the effective and efficient control, utilisation, and optimisation of usage, safeguarding and management of municipal assets.
- To ensure that all responsible parties are aware of their roles and responsibilities regarding the assets of the municipality and to prescribe the accounting treatment of assets acquired and used in accordance with the applicable accounting standards approved by National Treasury.

The following amendments are proposed:

Page 9 **Recognition of an Asset- "..... Recognition factors ....."**

5.2.1 "....."

- An item shall be recognised as an asset if:
  - a) it meets the definitions of an asset and PPE; and
  - b) the cost or fair value of the item can be measured reliably.
- PPE assets are recorded at cost which shall include the purchase price and other acquisition costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating, such as installation costs, freight charges, transportation, taxes, legal costs and duties etc.
- For a contributed capital asset, cost is deemed to be the fair value at the date the asset is contributed.
- Subsequent expenditure relating to PPE is capitalised if it is probable that future economic benefits or potential service delivery of the asset is enhanced in excess of the originally assessed standard of performance.
- Assets held under finance leases are capitalised and will be reflected in the Fixed Asset Register.
- Major spare parts / standby equipment (strategic stock) qualify as PPE when it is a significant cost in relation to the total cost of the item, and it is expected to use them during more than one year....."

#### **2.4.4 Long term financial plan policy**

This is a new policy proposed and the policy will form part of the draft budget consultation process and be available at all offices and libraries for scrutiny.

The purpose of this long term financial plan policy is to set out details of the financial issues that need to be addressed in a financial year. It is meant to be a tool to highlight any financial shortcomings.

#### **2.4.5 Indigent policy**

The purpose of this policy is to provide procedures and guidelines for the subsidization of basic services to its indigents, using the Municipality's budgetary allocations through the equitable share. Households with no or lower income are not be denied a reasonable service provided that grants are received and funds are available, the indigent subsidy policy should remain intact. To achieve the purpose it is important to set a fair threshold level, and then to provide a fair subsidy of tariffs.

In order to qualify as an indigent the consumer needs to complete the necessary documentation as required and agree to regulations and restrictions as stipulated by Municipality policy.

The proposed revisions are as follows:

Page 1 Definitions

"Indigent households"..... foster care allowances and allowances for caretakers of frail persons.....  
"

Page 2 Responsibility for payment of municipal service fees

4.3 "..... 1st ....."

Page 3 Qualifications for the subsidy

5.1.1.2 "..... R3 300 ....."

5.1.1.3 "..... foster care allowances and allowances for caretakers of frail persons..... "

Page 3 (4) Benefits approved indigent households will receive

5.1.2.1 "..... (free) ....."

5.1.2.2 "..... (free) ....."

Page 4

5.2.2 "..... 25th day of June of every year ....."

Page 5

6.6 "..... at least the following day ....."

6.7 "..... with immediate effect ....."

Page 6

6.12 "Indigent must ensure to apply for the indigent subsidy on or before the closing date of 30 June each year, as no new application will be accepted."

Page 5 (6)

## **7. Period of validity of subsidy**

7.2 "..... 24 months ....."

7.5 "..... After 12 months households will be verified using an audit methodology to determine if such household still qualifies for the subsidy."

Page 6 (7)

## **8.1 Requirements**

8.1.2 "..... The deceased personal information must also appear on the prescribed form to confirm such deceased was part of that indigent household."

## **8.2 Benefit**

8.2.2 "..... Indigent household benefits for rural areas where the municipality does not provide any services, must obtain proof that the deceased will be buried on the farm, where after the family will receive a subsidy."



## **10. Exemption of deposit changes**

10.1.2 "..... Newly build low cost housing where the household qualifies for the indigent subsidy are allowed to pay their water deposit in two equal monthly instalments."

### **2.4.6 Rates policy**

The Local Government Municipal Property Rates Act (No. 6 of 2004) and section 62(1) of the Municipal Finance Management Act (No 56 of 2003) requires municipalities to develop, adopt and implement a rates policy on the levying of rates on rateable properties in the municipality.

The municipality needs a reliable source of revenue to provide basic services and perform its functions. Property rates are the most important source of general revenue for the municipality. Revenue from property rates is used to fund services that benefit the community as a whole as opposed to individual households. These include installing and maintaining streets, roads, sidewalks, lighting, and storm drainage facilities; and building and operating clinics, parks, recreational facilities and cemeteries. Property rates revenue is also used to fund municipal administration, such as computer equipment and stationery, and costs of governance, such as council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets.

There are no amendments proposed on this policy.

### **2.4.7 Supply Chain Management policy**

Section 111 of the MFMA requires each municipality and municipal entity to adopt and implement a Supply Chain Management Policy, which gives effect to the requirements of the Act. The Municipal Supply Chain Management Policy was adopted by Council and the three committees required by the Act have been established and are functional.

The Supply Chain Management Policy provides systems for the following functions:

- Demand Management
- Acquisition Management
- Logistics Management
- Disposal Management
- Risk Management
- Performance Management
- 

It also describes in detail the process and procedures of the acquisition of goods, services and works as well as the disposal of inscrutable, redundant and obsolete goods.

All officials and other role players in the supply chain management system of the municipality must implement this policy in a way that -

- i. gives effect to Section 217 of the Constitution and Part 1 of Chapter 11 and other applicable provisions of the Act;
- ii. is fair, equitable, transparent, competitive and cost effective;
- iii. complies with the Regulations and any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
- iv. is consistent with other applicable legislation;
- v. Does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
- vi. is consistent with national economic policy concerning the promotion of investments and the conduct of business with the public sector.

The SCM policy was approved by the Administrator for the 2015/16 financial year. There are no amendments proposed on this policy.

#### **2.4.8 Grants in Aid policy**

This policy aims to provide the framework for grants-in-aid to non-governmental organisations, community based organisations or non-profit organisations and bodies that are used by government as an agency to serve the poor, marginalised or otherwise vulnerable as prescribed in sections 12 and 67 of the Municipal Finance Management Act (No. 56 of 2003)

There are no amendments proposed on this policy.

#### **2.4.9 Borrowing policy**

The purpose of the policy is to govern the taking up of short-term or long-term debt according to the legislative framework.

There are no amendments proposed on this policy.

#### **2.4.10 Virement policy**

The objective of the Virement Policy is to regulate the shifting of funds between votes and sub-votes of an approved budget.

The policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and Oudtshoorn Municipality's system of delegations.

The proposed amendment is

Page 5 (6)

5.7 "..... and is limited to R 1 million per vote ....."

Page 6

6.3 ".....R 1 million per vote ....."

#### **2.4.11 Private Work and Declaration of Interest policy**

This provides provision for employees to perform private work and to be remunerated provided the Municipality has been informed and that certain conditions have been met on which special permission may be granted.

There are conditions specifying the staff member may not be party to a contract for the provision of goods or services or perform work other than as a staff member or have a financial interest in any business or be engaged in any business, trade or profession other than the work of the municipality.

There are no amendments proposed on this policy.

#### **2.4.12 Study Bursary policy**

The objective of the policy is to encourage employees to engage in or to continue studies in order to develop skills and the level of academic achievement to improve the quality of life, increase the levels of investment in education, encourage Managers to facilitate active learning in workplace, provide employees with opportunities to acquire new skills and knowledge, encourage employees to participate in training programme, improve the advancement of previously disadvantaged employees, meet the objective determined by career paths, learner ship contracts and progression policies and establish a pool of suitable candidates in order to support employment equity policy and planning.

There are no amendments proposed on this policy.

#### **2.4.13 Cash Management and Investment policy**

The intention of the investment policy is to ensure investments are made in an efficient and effective manner which generates the best returns for the municipality while considering preservation and safety of the principal and appropriate liquidity.

There are no amendments proposed on this policy.

#### **2.4.14 Tariff policy**

The General Financial Management functions covered in Section 62 of the Municipal Finance Management Act (No 56 of 2003) includes the implementation of a Tariff Policy. Specific

legislation applicable to each service has been taken into consideration when the Policy was drafted.

The following change is proposed:

## **TARIFF CHARGES**

Page 13

9.2.1.3 e) "..... (Time of Use) ....."

### **2.4.15 Unauthorised, Fruitless and Wasteful Expenditure policy**

This is a new policy proposed and the policy will form part of the draft budget consultation process and be available at all offices and libraries for scrutiny.

The aim of this policy is to prevent, identify, investigate and to respond appropriately in accordance with the law and address instances of unauthorised, irregular or fruitless and wasteful expenditure conclusively.

There are no amendments proposed on this policy.

### **2.4.16 Funding and reserves policy**

The funding and reserves policy is aimed to ensure that the municipality has sufficient and cost-effective funding in order to achieve its objectives through the implementation of its operating and capital budgets.

There are no amendments proposed on this policy.

## **2.5 Overview of budget assumptions**

### **2.5.1 External factors**

It is expected that the economic recovery will be slow and prolonged; the anticipated growth for 2016 is 0.9% rising to 1.7% in 2017.

Oudtshoorn municipality still find itself in the shadow of the economic downturn with limited financial resources at our disposal for service delivery this is also evident in the effort that needs to be made for the recovery of debt owed to the municipality. It is also therefore necessary to carefully evaluate spending decisions and to ensure value for money in all procurement processes.

### **2.5.2 General inflation outlook and its impact on the municipal activities**

There are many factors that have been taken into consideration in the compilation of the 2016/17 MTREF the list hereunder represents a few of these:

- National Government macro-economic targets;
- Continued upward movement in interest rates;
- The general inflationary outlook and the impact on the municipalities residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 33.35% of total operating expenditure in the 2016/17 MTREF and therefore this increase above inflation places additional upward pressure on the expenditure budget.

### **2.5.3 Credit rating outlook**

The Municipality has not had a credit rating done and considering the current financial position it is not advisable to have it performed.

### **2.5.4 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Oudtshoorn Municipality does not intend to take up any loans during the 2016/2017 budget year nor the MREF.

Interest rates for investment purposes remains low and the average interest rate on investment is anticipated to average between 6% and 8% for the 2016/2017 financial year with little upward movement anticipated for the remainder of the MTREF. The municipality do not currently have funds available for investment purposes other than ad hoc call account deposits.

### **2.5.5 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate higher than CPI over the MTREF to aid in the financial recovery of the municipality. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term, it is however anticipated that interest rates may urge upward in the medium term placing a further strain on cash strapped consumers.

The rate of revenue collection is currently expressed as a percentage (96.9%) of annual billings. Cash flow is assumed to be 96% of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **2.5.6 Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of Oudtshoorn Municipality, household formation growth rate and the poor household change rate. These factors considered do not reflect as an environment conducive to growth and economic stimulus is of essence to ensure the financial progression of the citizenry of Oudtshoorn and the municipality alike.

The compilation of the new general valuation roll for the period 2016 to 2020 has been delayed and the new general valuation roll will only be effective from 1 July 2017. It is not anticipated that the rates base will grow excessively once new valuations have been determined as the growth in the property market has also been slow over the last 4 years. Prudent financial management dictates that a conservative approach best serves a positive outcome and therefore the additional anticipated revenue as a result of the change in valuations have not been added to revenue estimation.

### **2.5.7 Salary increases**

The collective agreement determining salaries and wage increases came into operation on 1 July 2015 and shall remain in force until 30 June 2017. For the purpose of calculation of salary related expenditure for the 2016/2017 financial year an across the board salary increase of 7.0% was used.

### **2.5.8 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs through labor intensive programs and projects as well as full participation in the EPWP;
- Enhancing education and skills development;
- Improving quality of life of all residents;
- Protection of the poor through appropriate subsidization and tariff setting
- Rural development and agriculture; and
- Creating a conducive environment for economic development

### **2.5.9 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 95% is achieved on operating expenditure and 100% on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget. As the municipality needs to recover financially austerity measures have been put in place to ensure savings on all expenditure. The spending on the operating budget will be dependent on the realising of the revenue as per the revenue and cash flow estimates for the MTREF.

## **2.6 Overview of budget funding**

### **Funding of the Budget**

Section 18(1) of the MFMA determines that an annual budget can only be funded from:

- Realistically expected revenue to be collected;
- Cash-backed accumulated funds of preceding years' surpluses not earmarked for other purposes; and
- Borrowed funds, but only for the capital budget referred to in Section 17.

Full achievement of this requirement effectively entails that a Council 'balances' its budget by ensuring that the budgeted outflow balances with a combination of planned inflow.

### **Credible Budget**

A credible budget, among other things, is a budget, which:

- Only funds activities which are in line with the revised IDP and vice versa and which ensure that the IDP is realistically achievable while taking account of the financial restrictions of the municipality;
- Is achievable in respect of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are in line with current and previous performance and that are supported by documented evidence of future assumptions;
- Does not compromise the financial viability of the municipality (ensures that the financial position is contained within generally accepted prudent limits and that obligations can be met in the short, medium and long term); and
- Provides managers with suitable levels of delegation to enable them to fulfill their financial and managerial responsibilities.

A budget sets out certain service delivery levels and accompanying financial implications. Consequently the community must realistically expect to receive these promised service levels and to understand the accompanying financial implications. High under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and realistic.

Furthermore, budgets tabled as early as 90 days before the start of the budget year, must remain credible and fairly close to the final approved budget.

### **Long term financial planning**

The current draft budget proposes not to borrow any money for capital investment as the financial position do not allow and it is unaffordable to the municipality in the current context as it will place a further unaffordable strain on the municipal financial position. Government Grants allocated to the Municipality is therefore the major source of capital funding over the MTREF.

The municipality needs to plan for cash-backed provisions and reserves but is unable to do so over the MTREF. The current portion of long term employee benefits consisting of medical aid contributions for retired personnel and for the payment of long service bonuses must be cash backed.

The budget is fully compliant with GRAP standards. This will assist the basis for sound financial practices and compliance in terms of the MFMA and GRAP.

## Sources of funding

Interest earned from investments is recorded in the operating revenue budget. The interest earned is expected to add little to revenue over the MTREF as all funds are necessary to recover financially and to meet current commitments.

## Contributions

The Municipality receives augmentation fees which serve as bulk service levies from new developers to provide infrastructure and other works as part of the conditions set with the granting process. This revenue source is not very predictable but with the prevailing economic climate it is expected that new developments will not follow past trends and these revenue streams are very dependent on economic recovery.

### 2.6.1 Medium-term outlook: operating revenue

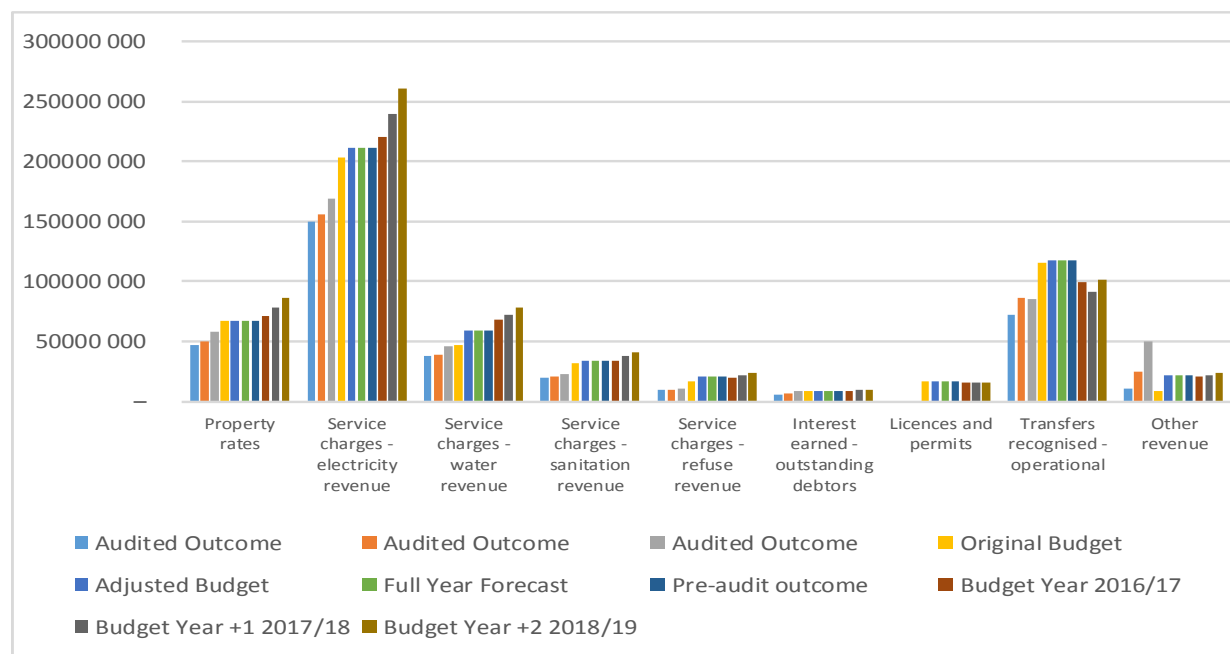
The following table is a breakdown of the operating revenue over the medium-term:

**Table 23 Breakdown of the operating revenue over the medium-term**

Description	Medium Term Revenue and Expenditure Framework					
	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
<b>R thousand</b>						
<b>Revenue By Source</b>						
Property rates	71 152	12.64	78 410	13.22	86 172	13.33
Property rates - penalties & collection charges	–	–	–	–	–	–
Service charges - electricity revenue	220 535	39.18	239 918	40.44	261 001	40.38
Service charges - water revenue	68 228	12.12	71 671	12.08	78 601	12.16
Service charges - sanitation revenue	34 092	6.06	37 558	6.33	41 298	6.39
Service charges - refuse revenue	20 043	3.56	22 019	3.71	24 138	3.73
Service charges - other	–	–	–	–	–	–
Rental of facilities and equipment	2 162	0.38	2 296	0.39	2 431	0.38
Interest earned - external investments	274	0.05	291	0.05	308	0.05
Interest earned - outstanding debtors	8 650	1.54	9 186	1.55	9 728	1.50
Dividends received	–	–	–	–	–	–
Fines	2 025	0.36	2 151	0.36	2 278	0.35
Licences and permits	15 576	2.77	15 842	2.67	16 009	2.48
Agency services	–	–	–	–	–	–
Transfers recognised - operational	99 199	17.62	91 826	15.48	101 170	15.65
Other revenue	20 931	3.72	22 095	3.72	23 266	3.60
Gains on disposal of PPE	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contrib</b>	<b>562.866</b>	<b>100</b>	<b>593.261</b>	<b>100</b>	<b>646.400</b>	<b>100</b>



The following graph is a breakdown of the operational revenue per main category for the 2016/17 financial year.



**Figure 6 Breakdown of operating revenue over the 2016/17 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. Oudtshoorn Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.) are other forms of revenue.

The revenue strategy is a function of key components such as:

- Growth in Oudtshoorn Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 96% annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The current financial predicament is a major contributing factor in the tariff determinations and the municipality has no alternative but to increase the service tariffs in excess of CPI over the entire MTREF.

The proposed tariff increases for the 2014/15 MTREF on the different revenue categories are reflected in the table below, the outer years of the MTREF reflect the tariff increases as per the National Treasury Growth parameters for the outer years and do not necessarily reflect the increases to be determined for the outer years:

**Table 24 Proposed tariff increases over the medium-term**

<b>REVENUE CATEGORY</b>	<b>2016/2017 PROPOSED TARIFF INCREASE</b>	<b>2016/2017 PROPOSED TARIFF INCREASE</b>	<b>2016/2017 PROPOSED TARIFF INCREASE</b>
Rates	10.6%	10.2%	9.9%
Refuse	11.7%	11.3%	10.9%
Sanitation & Waste Water	11.6%	11.2%	10.9%
Electricity (Change in policy and blocks)	7.64%	8.00%	8.00%
Water (Change in policy and blocks)	11.6%	11.2%	10.9%

The tables below provide detail investment information and investment particulars by maturity.

**Table 25 MBRR SA15 – Detail Investment Information**

Investment type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		9 488	9 808	88	5 000	5 000	5 000	7 500	7 950	8 427
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	9 488	9 808	88	5 000	5 000	5 000	7 500	7 950	8 427
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		9 488	9 808	88	5 000	5 000	5 000	7 500	7 950	8 427

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a break-even upon the conclusion of the MTREF. Surpluses needs to be generated through a combination of revenue enhancement and savings initiatives. Any surplus generated is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds in future budgets.

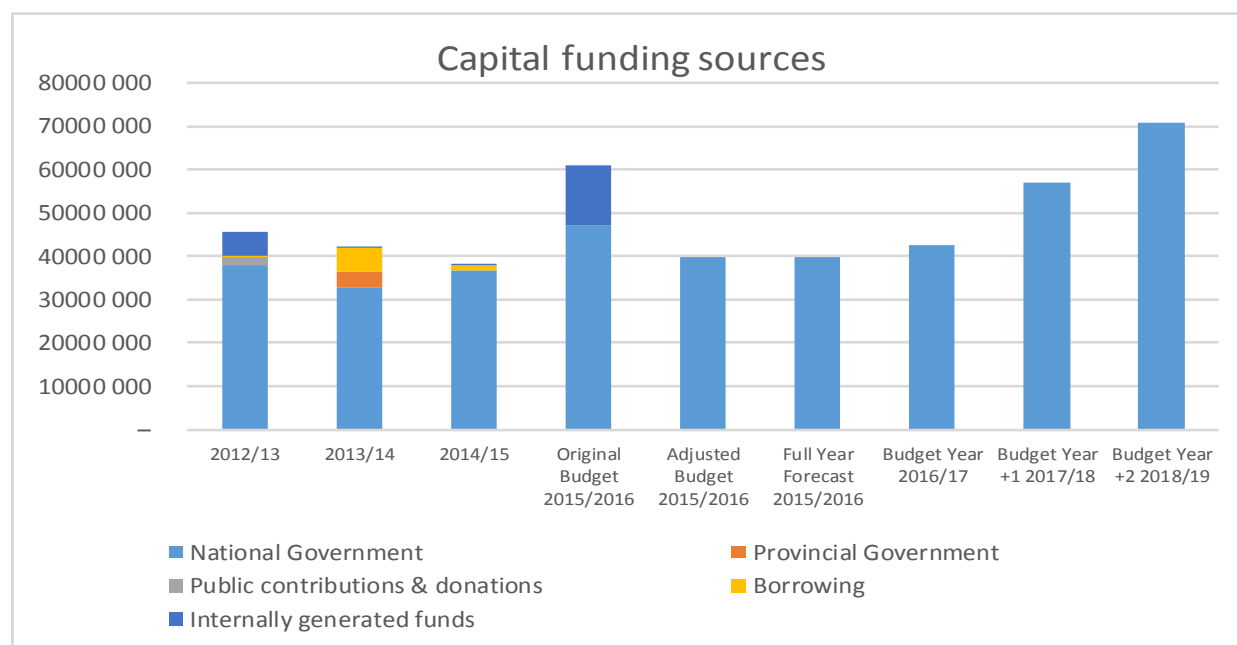
## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2016/17 medium-term capital programme:

**Table 26 Sources of capital revenue over the MTREF**

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Funded by:</b>											
National Government		38 072	32 681	36 826	47 138	39 738	39 738	39 738	42 547	57 040	70 829
Provincial Government		37	3 708	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	38 109	36 388	36 826	47 138	39 738	39 738	39 738	42 547	57 040	70 829
Public contributions & donations	5	1 676	-	-	-	-	-	-	-	-	-
Borrowing	6	209	5 493	1 036	-	-	-	-	-	-	-
Internally generated funds		5 749	138	387	13 790	-	-	-	-	-	-
Total Capital Funding	7	45 743	42 019	38 249	60 928	39 738	39 738	39 738	42 547	57 040	70 829

The above table is graphically represented as follows for the 2016/17 financial year.

**Figure 7 Sources of capital revenue for the 2016/2017 financial year**

Capital grants and receipts equates to 100% of the total funding source which represents R42.547 million for the 2016/16 financial year and remains the only source of funding for capital over the MTREF.

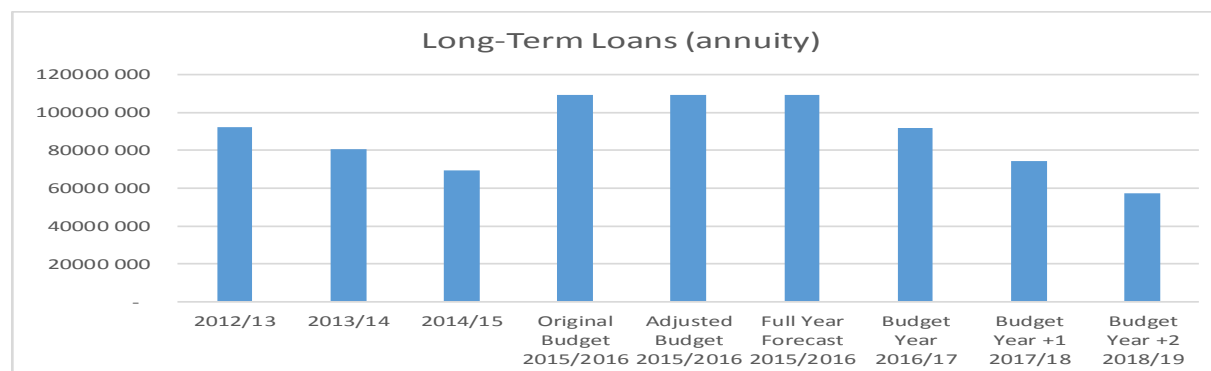
As already alluded to in the preceding report, the municipality does not intend to raise capital through borrowing over the entire MTREF due to the fact that it is unaffordable considering the current financial status.

The following table is a detailed analysis of Oudtshoorn Municipality's current borrowing liability.

**Table 27 MBRR Table SA 17 - Detail of borrowings**

Borrowing - Categorized by type R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)		92 219	80 588	69 332	109 206	109 206	109 206	91 822	74 438	57 055
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	92 219	80 588	69 332	109 206	109 206	109 206	91 822	74 438	57 055
<b>Entities</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	92 219	80 588	69 332	109 206	109 206	109 206	91 822	74 438	57 055

The following graph illustrates the growth and decline in outstanding borrowing for the 2012/13 to 2018/19 period.



**Figure 8 Growth / Decline in outstanding borrowing (long-term liabilities)**

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds are currently not a funding source and will only be utilised as a funding option once the financial recovery is complete. It should then be used conservatively going forward as the municipality needs to build reserves to fund future capital requirements.

**Table 28 MBRR Table SA 18 - Capital transfers and grant receipts**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
Capital Transfers and Grants										
National Government:		37 330	39 823	34 500	47 138	39 738	39 738	49 004	65 526	81 245
Municipal Infrastructure Grant (MIG)		17 505	18 824	20 437	21 138	20 638	20 638	20 756	22 180	23 245
Regional Bulk Infrastructure		8 000	17 999	10 063	20 000	10 100	10 100	20 248	30 346	50 000
Maintenance & Construction of Road Infrastructure			–	–	–	–	–	–	–	–
Integrated National Electrification Programme Grant		1 000	3 000	4 000	6 000	6 000	6 000	8 000	9 000	3 000
Electricity Demand Side Management				–	–	3 000	3 000	–	4 000	5 000
Neighbourhood Development Programme Grant		10 825	–	–	–	–	–	–	–	–
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Capital Transfers and Grants	5	37 330	39 823	34 500	47 138	39 738	39 738	49 004	65 526	81 245

## 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 33 MBRR Table A 7 – Budgeted Cash flows**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		46 824	50 065	79 475	63 290	66 897	66 897	66 897	71 152	78 410	86 172
Service charges		215 934	225 539	249 699	283 332	324 267	324 267	324 267	342 897	371 166	405 038
Other revenue		1 015	34 883	19 535	33 011	43 887	43 887	43 887	40 694	42 383	43 985
Government - operating	1	71 819	85 920	85 537	115 869	117 460	117 460	117 460	99 199	91 826	101 170
Government - capital	1	37 659	40 421	37 829	47 138	40 238	40 238	40 238	49 004	65 526	81 245
Interest		6 714	9 090	9 408	9 365	8 913	8 913	8 913	8 923	9 477	10 036
Dividends				-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(349 944)	(405 430)	(481 844)	(482 585)	(584 584)	(584 584)	(584 584)	(569 978)	(595 128)	(639 790)
Finance charges		(12 834)	(14 545)	(11 783)	(7 771)	(9 002)	(9 002)	(9 002)	(7 879)	(7 133)	(6 294)
Transfers and Grants	1	(746)	(1 319)	(1 745)	(1 300)	(1 354)	(1 354)	(1 354)	(1 500)	(1 500)	(1 500)
NET CASH FROM/(USED) OPERATING ACTIVITIES		16 442	24 624	(13 890)	60 348	6 723	6 723	6 723	32 512	55 027	80 062
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1 186	112	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	6 452	12 800	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(46 063)	(44 081)	(38 249)	(60 928)	(39 738)	(39 738)	(39 738)	(42 547)	(57 040)	(70 829)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(44 877)	(43 969)	(31 797)	(48 128)	(39 738)	(39 738)	(39 738)	(42 547)	(57 040)	(70 829)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		35 308	124	157	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		339	585	(3 726)	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(5 801)	(11 675)	(11 085)	(10 895)	(10 756)	(10 756)	(10 756)	(9 504)	(10 251)	(11 090)
NET CASH FROM/(USED) FINANCING ACTIVITIES		29 846	(10 966)	(14 655)	(10 895)	(10 756)	(10 756)	(10 756)	(9 504)	(10 251)	(11 090)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	15 564	42 919	12 608	(47 748)	(47 734)	(47 734)	(47 734)	(91 504)	(111 043)	(123 308)
Cash/cash equivalents at the year end:	2	16 975	12 608	(47 734)	(46 423)	(91 504)	(91 504)	(91 504)	(111 043)	(123 308)	(125 164)

## 2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Oudtshoorn municipality is in non-compliance with section 18 because there is a deficit which indicates that the annual budget is not appropriately funded. As already reiterated in the report, the financial turnaround of the municipality is dependent on a combination of factors which include raising of tariffs to cover operational cost, the implementation of savings measures in all areas, limiting of spending in respect of non-essentials, and ensuring value for money procurement. The MTREF shows a decrease in the deficit over the three years and it is very important that this be changed to the generation of a surplus after the conclusion of the MTREF (3 year budget cycle).

**Table 34 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	16 975	12 608	(47 734)	(46 423)	(91 504)	(91 504)	(91 504)	(111 043)	(123 308)	(125 164)
Other current investments > 90 days		(1)	0	0	51 423	96 504	96 504	96 504	118 543	131 258	133 591
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		16 975	12 608	(47 734)	5 000	5 000	5 000	5 000	7 500	7 950	8 427
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	30 000	30 000	30 000	25 000	20 000	19 000
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(43 177)	(8 908)	(6 238)	(37 806)	17 603	17 603	17 603	6 027	916	803
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(43 177)	(8 908)	(6 238)	(37 806)	47 603	47 603	47 603	31 027	20 916	19 803
Surplus(shortfall)		60 152	21 516	(41 495)	42 806	(42 603)	(42 603)	(42 603)	(23 527)	(12 966)	(11 376)

From the above table it can be seen that there is no unencumbered cash and investments available for the financial year or the MTREF.

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.



- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.

It can be concluded that Oudtshoorn Municipality has a huge cash deficit over the MTREF and that barely sufficient funds will be available for operations. The challenge for Oudtshoorn Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

## 2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 35 MBRR SA10 – Funding compliance measurement**

Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	16 975	12 608	(47 734)	(46 423)	(91 504)	(91 504)	(91 504)	(111 043)	(123 308)	(125 164)
Cash + investments at the yr end less applications - R'000	18(1)b	2	60 152	21 516	(41 495)	42 806	(42 603)	(42 603)	(42 603)	(23 527)	(12 966)	(11 376)
Cash year end/monthly employee/supplier payments	18(1)b	3	0.6	0.4	(1.4)	(1.4)	(2.4)	(2.4)	(2.4)	(2.9)	(3.1)	(2.9)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(25 882)	(17 426)	(9 991)	52 470	6 723	6 723	6 723	32 512	55 027	80 062
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	(1.1%)	5.5%	12.7%	1.2%	(6.0%)	(6.0%)	(0.1%)	2.6%	3.3%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	92.1%	97.7%	92.0%	93.9%	98.0%	98.0%	98.0%	98.1%	98.2%	98.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	4.9%	5.8%	2.0%	1.5%	5.1%	5.1%	5.1%	3.8%	3.8%	3.9%
Capital payments % of capital expenditure	18(1)c,19	8	100.7%	104.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	462.5%	2.2%	11.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - inc/(decr)	18(1)a	11	N.A.	(23.8%)	16.1%	(21.8%)	(29.3%)	0.0%	0.0%	18.8%	(9.1%)	(10.0%)
Long term receivables % change - inc/(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.9%	2.7%	6.1%	2.7%	1.6%	1.6%	1.8%	1.9%	1.9%	1.8%
Asset renewal % of capital budget	20(1)(vi)	14	49.5%	86.9%	80.4%	83.1%	75.8%	75.8%	0.0%	64.2%	71.2%	82.4%

### 2.6.5.1 Cash/cash equivalent position

Oudtshoorn Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements. In the case of Oudtshoorn this remains negative over the entire MTREF

#### *2.6.5.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement.

#### *2.6.5.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of Oudtshoorn Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The Municipality needs to achieve at least three month's cash coverage in the medium term, and then gradually move towards five months coverage. This measure will have to be carefully monitored going forward.

#### *2.6.5.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

#### *2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

#### *2.6.5.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

#### *2.6.5.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

*2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

*2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100% could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. Oudtshoorn Municipality has budgeted for all transfers.

*2.6.5.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

*2.6.5.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

*2.6.5.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorize each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarize and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

## 2.7 Expenditure on grants and reconciliations of unspent funds

**Table 36 MBRR SA19 - Expenditure on transfers and grant programs**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		51 713	55 727	49 945	61 209	58 158	58 158	62 414	64 910	70 542
Local Government Equitable Share		43 034	45 958	46 541	54 373	54 373	54 373	58 194	63 037	67 635
Finance Management		1 248	1 169	1 581	1 450	1 450	1 450	1 475	1 550	1 805
Municipal Systems Improvement		800	890	934	930	930	930	-	-	760
Energy Efficiency and Demand Management				-	3 000	-	-	-	-	-
EPWP Incentive		4 130	1 800	700	1 405	1 405	1 405	2 448	-	-
Integrated National Electrification Programme				-	51	-	-	297	323	342
Water Services Operating Grant		2 394	5 460	189	-	-	-	-	-	-
PMU MIG		106	450							
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		19 460	28 640	35 570	54 660	59 121	59 121	37 082	27 239	30 970
Human Settlements		17 217	25 519	25 692	50 270	50 270	50 270	31 955	21 703	25 000
ABS Programme		1 260	2 047	3 523	-	-	-	-	-	-
Housing Consumer Education				20	-	-	-	-	-	-
CDW Operational Support Grant		108	36	51	72	72	72	56	56	56
Library Service Conditional Grant		657	738	3 174	4 222	4 222	4 222	4 943	5 240	5 554
WC Financial Management Capacity Building Grant		-	-	-	-	-	-	12	240	360
Maintenance & Construction of Road Infrastructure		-	95	13	96	96	96	-	-	-
Cleaning of Maturation Ponds		-		173	-	-	-	-	-	-
Performance Management Grant		-		-	-	-	-	-	-	-
Municipal Financial Management Support Grant		-		450	-	2 461	2 461	-	-	-
Municipal Financial Management Improvement Grant		-	206	2 475	-	-	-	-	-	-
Municipal Infrastructure Support Grant		-		-	-	1 000	1 000	-	-	-
Municipal Capacity Building Grant		-		-	-	500	500	-	-	-
Municipal Building Grant		-		-	-	500	500	-	-	-
Provincial Sport Grant		-		-	-	-	-	-	-	-
Public Transport Facilities		-	-	-	-	-	-	116	-	-
Thusong Centre Operational Support Grant		218		-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		498	330	22	-	181	181	-	-	-
LG Seta Training		498	330	22	-	181	181	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		71 671	84 698	85 537	115 869	117 460	117 460	99 496	92 149	101 512

**Table 37 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		1 068	(16)	(851)	–	–	–	–	–	–
Current year receipts		49 828	55 408	51 590	61 209	58 158	58 158	62 414	64 910	70 542
Conditions met - transferred to revenue		50 896	55 392	50 739	61 209	58 158	58 158	62 414	64 910	70 542
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year		3 062	6 883	3 912	–	–	–	–	–	–
Current year receipts		25 284	25 670	36 344	54 660	57 621	57 621	37 082	27 239	30 970
Conditions met - transferred to revenue		28 346	32 552	40 256	54 660	57 621	57 621	37 082	27 239	30 970
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year		162	162	162	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		162	162	162	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year		244	–	–	–	–	–	–	–	–
Current year receipts		498	–	242	–	681	681	–	–	–
Conditions met - transferred to revenue		742	–	242	–	681	681	–	–	–
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		80 146	88 106	91 399	115 869	116 460	116 460	99 496	92 149	101 512
<b>Total operating transfers and grants - CTBM</b>	2	–	–	–	–	–	–	–	–	–
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		1 021	703	3 865	–	–	–	–	–	–
Current year receipts		37 330	39 823	34 500	47 138	41 238	41 238	49 004	65 526	81 245
Conditions met - transferred to revenue		38 351	40 526	38 366	47 138	41 238	41 238	49 004	65 526	81 245
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year		2 984	3 812	104	–	–	–	–	–	–
Current year receipts		–	–	–	–	–	–	–	–	–
Conditions met - transferred to revenue		2 984	3 812	104	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		41 334	44 338	38 470	47 138	41 238	41 238	49 004	65 526	81 245
<b>Total capital transfers and grants - CTBM</b>	2	–	–	–	–	–	–	–	–	–
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		121 480	132 444	129 868	163 007	157 698	157 698	148 500	157 675	182 757

## 2.8 Councillor and employee benefits

**Table 38 MBRR SA22 - Summary of councilors and staff benefits**

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		4 825	5 454	5 866	6 497	4 699	4 699	6 664	7 144	7 658
Pension and UIF Contributions		288	317	252	857	286	286	45	48	51
Medical Aid Contributions		91	90	115	361	–	–	–	–	–
Motor Vehicle Allowance		1 932	1 826	1 937	722	630	630	2 221	2 381	2 553
Cellphone Allowance		–	596	563	361	154	154	597	640	686
Housing Allowances		–	–	–	226	–	–	–	–	–
Other benefits and allowances		61	53	48	–	42	42	95	102	109
<b>Sub Total - Councillors</b>		<b>7 197</b>	<b>8 336</b>	<b>8 783</b>	<b>9 024</b>	<b>5 812</b>	<b>5 812</b>	<b>9 622</b>	<b>10 315</b>	<b>11 058</b>
% increase	4		15.8%	5.4%	2.7%	(35.6%)	–	65.6%	7.2%	7.2%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		2 369	2 362	2 395	4 614	5 498	5 498	5 808	6 389	7 028
Pension and UIF Contributions		5	4	4	640	273	273	1 073	1 180	1 298
Medical Aid Contributions		22	43	60	269	241	241	200	220	242
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	539	–	–	–	–	–
Motor Vehicle Allowance	3	412	202	168	303	188	188	–	–	–
Cellphone Allowance	3	10	11	11	236	208	208	–	–	–
Housing Allowances	3	76	78	72	135	82	82	–	–	–
Other benefits and allowances	3	30	27	28	–	–	–	115	126	139
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
<b>Sub Total - Senior Managers of Municipality</b>		<b>2 924</b>	<b>2 728</b>	<b>2 738</b>	<b>6 736</b>	<b>6 491</b>	<b>6 491</b>	<b>7 195</b>	<b>7 915</b>	<b>8 706</b>
% increase	4		(6.7%)	0.4%	146.0%	(3.6%)	–	10.9%	10.0%	10.0%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		85 950	96 921	96 573	101 160	105 321	105 321	121 960	130 519	139 280
Pension and UIF Contributions		14 876	16 283	15 446	17 388	16 676	16 676	18 185	19 464	20 770
Medical Aid Contributions		5 990	7 211	8 184	8 174	7 764	7 764	10 367	11 108	11 867
Overtime		5 610	5 725	9 193	4 322	5 921	5 921	4 240	4 546	4 859
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	3	4 046	4 338	4 735	4 777	4 484	4 484	4 169	4 470	4 778
Cellphone Allowance	3	523	864	764	351	803	803	435	466	499
Housing Allowances	3	676	737	835	783	1 118	1 118	1 035	1 110	1 186
Other benefits and allowances	3	21 744	25 317	37 045	17 466	19 241	19 241	25 629	27 469	29 361
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
<b>Sub Total - Other Municipal Staff</b>		<b>139 416</b>	<b>157 395</b>	<b>172 775</b>	<b>154 420</b>	<b>161 327</b>	<b>161 327</b>	<b>186 020</b>	<b>199 151</b>	<b>212 601</b>
% increase	4		12.9%	9.8%	(10.6%)	4.5%	–	15.3%	7.1%	6.8%
<b>Total Parent Municipality</b>		<b>149 536</b>	<b>168 458</b>	<b>184 296</b>	<b>170 180</b>	<b>173 630</b>	<b>173 630</b>	<b>202 838</b>	<b>217 381</b>	<b>232 365</b>
			12.7%	9.4%	(7.7%)	2.0%	–	16.8%	7.2%	6.9%
<b>Sub Total - Board Members of Entities</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
% increase	4		–	–	–	–	–	–	–	–
<b>Sub Total - Senior Managers of Entities</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
% increase	4		–	–	–	–	–	–	–	–
<b>Other Staff of Entities</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Sub Total - Other Staff of Entities</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
% increase	4		–	–	–	–	–	–	–	–
<b>Total Municipal Entities</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>149 536</b>	<b>168 458</b>	<b>184 296</b>	<b>170 180</b>	<b>173 630</b>	<b>173 630</b>	<b>202 838</b>	<b>217 381</b>	<b>232 365</b>
% increase	4		12.7%	9.4%	(7.7%)	2.0%	–	16.8%	7.2%	6.9%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>142 339</b>	<b>160 122</b>	<b>175 513</b>	<b>161 156</b>	<b>167 818</b>	<b>167 818</b>	<b>193 215</b>	<b>207 066</b>	<b>221 307</b>

**Table 39 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councilors/ senior managers)**

<b>Disclosure of Salaries, Allowances &amp; Benefits 1.</b>	<b>Ref</b>	<b>No.</b>	<b>Salary</b>	<b>Contributions</b>	<b>Allowances</b>	<b>Performance Bonuses</b>	<b>In-kind benefits</b>	<b>Total Package</b>
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4		465 626	8 232	179 100			652 958
Chief Whip			465 626	8 232	179 100			652 958
Executive Mayor			581 953	9 784	217 903			809 640
Deputy Executive Mayor			465 626	8 232	179 100			652 958
Executive Committee			2 182 623	31 376	929 095			3 143 094
Total for all other councillors			2 968 367	73 979	1 395 616			4 437 962
<b>Total Councillors</b>	8	-	<b>7 129 821</b>	<b>139 835</b>	<b>3 079 914</b>			<b>10 349 570</b>
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			1 241 572	277 488	-	-		1 519 060
Chief Finance Officer			1 141 572	277 488	-	-		1 419 060
Director: Community Services			1 141 572	277 488	-	-		1 419 060
Director: Corporate Services			1 141 572	277 488	-	-		1 419 060
Director: Technical Services			1 141 572	277 488	-	-		1 419 060
List of each official with packages >= senior manager								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
								-
<b>Total Senior Managers of the Municipality</b>	8,10	-	<b>5 807 860</b>	<b>1 387 440</b>	<b>-</b>	<b>-</b>		<b>7 195 300</b>
A Heading for Each Entity	6,7							
List each member of board by designation								
<b>Total for municipal entities</b>	8,10	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	<b>12 937 681</b>	<b>1 527 275</b>	<b>3 079 914</b>	<b>-</b>		<b>17 544 870</b>

**Table 40 MBRR SA24 – summary of personnel numbers**

Summary of Personnel Numbers	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		25	-	25	25	-	25	25	-	
Board Members of municipal entities	4	-	-	-	-	-	-	-	-	
<b>Municipal employees</b>	5	-	-	-	-	-	-	-	-	
Municipal Manager and Senior Managers	3	5	-	3	5	-	2	5	-	
Other Managers	7	23	23	5	23	23	4	23	23	
Professionals		88	80	2	88	79	3	88	79	225
Finance		43	39	2	43	39	3	43	39	17
Spatial/town planning		5	4	-	5	4	-	5	4	11
Information Technology		1	1	-	1	1	-	1	1	1
Roads		4	4	-	4	4	-	4	4	11
Electricity		6	6	-	6	5	-	6	5	11
Water		7	6	-	7	6	-	7	6	11
Sanitation		1	1	-	1	1	-	1	1	22
Refuse		1	1	-	1	1	-	1	1	141
Other		20	18	-	20	18	-	20	18	
Technicians		37	23	4	37	22	14	37	22	-
Finance		1	1	-	1	1	1	1	1	
Spatial/town planning		4	3	-	4	3	3	4	3	
Information Technology		2	1	1	2	1	1	2	1	
Roads		10	6	-	10	6	-	10	6	
Electricity		14	8	3	14	7	9	14	7	
Water		6	4	-	6	4	-	6	4	
Sanitation		-	-	-	-	-	-	-	-	
Refuse		-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	
Clerks (Clerical and administrative)		161	159	13	161	158	45	161	158	
Service and sales workers		-	-	41	-	-	-	-	-	
Skilled agricultural and fishery workers		-	-	-	-	-	-	-	-	
Craft and related trades		-	-	-	-	-	-	-	-	
Plant and Machine Operators		157	150	-	157	142	-	157	142	
Elementary Occupations		319	187	-	319	182	-	319	182	-
<b>TOTAL PERSONNEL NUMBERS</b>	9	<b>815</b>	<b>622</b>	<b>93</b>	<b>815</b>	<b>606</b>	<b>93</b>	<b>815</b>	<b>606</b>	<b>225</b>
% increase		-	-	-	-	(2.6%)	-	-	-	141.9%
<b>Total municipal employees headcount</b>	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

### 2.8.1 Monthly targets for revenue, expenditure and cash flow



Table 41 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>																
<b>Revenue By Source</b>																
Property rates		3 558	5 692	7 827	3 558	9 250	1 423	1 423	3 558	7 827	7 827	7 827	11 384	71 152	78 410	86 172
Property rates - penalties & collection charges														—	—	—
Service charges - electricity revenue		15 437	11 027	17 643	4 411	15 437	17 643	11 027	4 411	24 259	24 259	24 259	50 723	220 535	239 918	261 001
Service charges - water revenue		4 776	3 411	5 458	1 365	4 776	5 458	3 411	1 365	7 505	7 505	7 505	15 692	68 228	71 671	78 601
Service charges - sanitation revenue		2 386	1 705	2 727	682	2 386	2 727	1 705	682	3 750	3 750	3 750	7 841	34 092	37 558	41 298
Service charges - refuse revenue		1 403	1 002	1 603	401	1 403	1 603	1 002	401	2 205	2 205	2 205	4 610	20 043	22 019	24 138
Service charges - other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		86	108	130	130	108	65	43	65	108	108	108	1 103	2 162	2 296	2 431
Interest earned - external investments		3	30	8	—	36	8	3	3	—	3	—	175	274	291	308
Interest earned - outstanding debtors		692	865	865	778	865	865	778	951	605	605	605	173	8 650	9 186	9 728
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines		—	—	324	101	243	122	122	101	101	101	101	709	2 025	2 151	2 278
Licences and permits		1	1	3 115	1 246	1 090	935	935	2 025	2 025	2 025	2 025	154	15 576	15 842	16 009
Agency services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers recognised - operational		21 824	—	—	992	13 888	—	2 976	992	992	992	—	56 543	99 199	91 826	101 170
Other revenue		—	209	209	2 512	3 651	3 563	628	2 721	2 721	2 721	1 721	274	20 931	22 095	23 266
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>50 166</b>	<b>24 051</b>	<b>39 910</b>	<b>16 175</b>	<b>53 134</b>	<b>34 412</b>	<b>24 052</b>	<b>17 274</b>	<b>52 101</b>	<b>52 101</b>	<b>50 109</b>	<b>149 382</b>	<b>562 866</b>	<b>593 261</b>	<b>646 400</b>
<b>Expenditure By Type</b>																
Employee related costs		14 470	14 470	16 537	14 470	14 470	14 470	14 470	14 470	14 470	14 470	14 470	31 980	193 215	207 066	221 307
Remuneration of councillors		—	770	577	770	1 347	962	481	481	481	481	481	2 790	9 622	10 315	11 058
Debt impairment		—	—	—	—	—	3 940	—	—	—	—	—	11 757	15 697	17 266	18 993
Depreciation & asset impairment		1 856	1 856	1 856	1 856	1 856	1 856	1 856	1 856	1 856	1 856	1 856	1 856	22 273	23 654	25 050
Finance charges		—	—	—	—	—	3 940	—	—	—	—	—	3 940	7 879	7 133	6 294
Bulk purchases		15 033	12 026	12 026	12 026	12 026	12 026	12 026	12 026	12 026	12 026	12 026	15 033	150 329	162 141	174 881
Other materials		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contracted services		2 591	2 591	2 591	2 591	2 591	2 591	2 591	2 591	2 591	2 591	2 591	2 591	31 087	29 795	31 224
Transfers and grants		15	30	15	270	30	15	300	275	175	75	75	225	1 500	1 500	1 500
Other expenditure		8 462	10 374	9 687	11 844	7 374	31 340	9 687	9 687	12 687	10 687	10 687	15 240	147 755	144 890	157 277
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Expenditure</b>		<b>42 426</b>	<b>42 117</b>	<b>43 289</b>	<b>43 826</b>	<b>39 694</b>	<b>71 139</b>	<b>41 411</b>	<b>41 386</b>	<b>44 286</b>	<b>42 186</b>	<b>42 186</b>	<b>85 411</b>	<b>579 358</b>	<b>603 761</b>	<b>647 583</b>
<b>Surplus/(Deficit)</b>		<b>7 740</b>	<b>(18 066)</b>	<b>(3 379)</b>	<b>(27 651)</b>	<b>13 440</b>	<b>(36 727)</b>	<b>(17 359)</b>	<b>(24 112)</b>	<b>7 815</b>	<b>9 915</b>	<b>7 923</b>	<b>63 971</b>	<b>(16 492)</b>	<b>(10 499)</b>	<b>(1 183)</b>
Transfers recognised - capital		—	425	1 276	851	2 978	2 553	2 553	2 553	2 553	2 553	2 553	28 156	49 004	65 526	81 245
Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Contributed assets		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>7 740</b>	<b>(17 641)</b>	<b>(2 103)</b>	<b>(26 800)</b>	<b>16 418</b>	<b>(34 174)</b>	<b>(14 806)</b>	<b>(21 559)</b>	<b>10 368</b>	<b>12 468</b>	<b>10 476</b>	<b>92 126</b>	<b>32 512</b>	<b>55 027</b>	<b>80 062</b>
Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>7 740</b>	<b>(17 641)</b>	<b>(2 103)</b>	<b>(26 800)</b>	<b>16 418</b>	<b>(34 174)</b>	<b>(14 806)</b>	<b>(21 559)</b>	<b>10 368</b>	<b>12 468</b>	<b>10 476</b>	<b>92 126</b>	<b>32 512</b>	<b>55 027</b>	<b>80 062</b>

Table 42 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>																
<b>Revenue by Vote</b>																
Vote 1 - Executive & Council		6 553	10 484	14 416	6 553	17 037	2 621	2 621	6 553	14 416	14 416	14 416	20 969	131 055	138 892	162 525
Vote 2 - Municipal Manager		692	1 108	1 523	692	1 800	277	277	692	1 523	1 523	1 523	2 216	13 848	14 707	15 574
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services		3 558	5 692	7 827	3 558	9 250	1 423	1 423	3 558	7 827	7 827	7 827	11 384	71 152	78 410	86 172
Vote 5 - Community and Public Safety		2 336	3 738	5 140	2 336	6 074	935	935	2 336	5 140	5 140	5 140	7 476	46 725	49 625	52 602
Vote 6 - Technical Services		17 454	27 927	38 400	17 454	45 382	6 982	27 927	17 454	38 400	38 400	38 400	34 909	349 089	377 153	410 772
Vote 7 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		<b>30 593</b>	<b>48 950</b>	<b>67 306</b>	<b>30 593</b>	<b>79 543</b>	<b>12 237</b>	<b>33 183</b>	<b>30 593</b>	<b>67 306</b>	<b>67 306</b>	<b>67 306</b>	<b>76 954</b>	<b>611 870</b>	<b>658 787</b>	<b>727 645</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive & Council		3 401	5 441	7 481	3 401	8 841	1 360	1 360	3 401	7 481	7 481	7 481	10 882	68 011	73 676	77 456
Vote 2 - Municipal Manager		1 398	2 236	3 075	1 398	3 634	559	559	1 398	3 075	3 075	3 075	4 472	27 952	29 453	31 327
Vote 3 - Corporate Services		1 207	1 932	2 656	1 207	3 139	483	483	1 207	2 656	2 656	2 656	3 863	24 146	25 828	27 570
Vote 4 - Financial Services		1 766	2 825	3 884	1 766	4 591	706	706	1 766	3 884	3 884	3 884	5 650	35 312	34 705	37 174
Vote 5 - Community and Public Safety		7 152	11 444	15 735	7 152	18 596	2 861	2 861	7 152	15 735	15 735	15 735	22 888	143 049	138 619	149 321
Vote 6 - Technical Services		14 044	22 471	30 898	14 044	36 515	5 618	22 471	14 044	30 898	30 898	30 898	28 089	280 887	301 479	324 736
Vote 7 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>		<b>28 968</b>	<b>46 349</b>	<b>63 729</b>	<b>28 968</b>	<b>75 316</b>	<b>11 587</b>	<b>28 440</b>	<b>28 968</b>	<b>63 729</b>	<b>63 729</b>	<b>63 729</b>	<b>75 844</b>	<b>579 358</b>	<b>603 761</b>	<b>647 583</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>1 626</b>	<b>2 601</b>	<b>3 576</b>	<b>1 626</b>	<b>4 227</b>	<b>650</b>	<b>4 742</b>	<b>1 626</b>	<b>3 576</b>	<b>3 576</b>	<b>3 576</b>	<b>1 110</b>	<b>32 512</b>	<b>55 027</b>	<b>80 062</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>1 626</b>	<b>2 601</b>	<b>3 576</b>	<b>1 626</b>	<b>4 227</b>	<b>650</b>	<b>4 742</b>	<b>1 626</b>	<b>3 576</b>	<b>3 576</b>	<b>3 576</b>	<b>1 110</b>	<b>32 512</b>	<b>55 027</b>	<b>80 062</b>

Table 43 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>																
<b>Revenue - Standard</b>																
<b>Governance and administration</b>		10 803	17 284	23 766	10 803	28 087	4 321	4 321	10 803	23 766	23 766	23 766	34 569	216 055	232 009	264 271
Executive and council		7 245	11 592	15 939	7 245	18 837	2 898	2 898	7 245	15 939	15 939	15 939	23 185	144 903	153 599	178 099
Budget and treasury office		3 558	5 692	7 827	3 558	9 250	1 423	1 423	3 558	7 827	7 827	7 827	11 384	71 152	78 410	86 172
Corporate services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Community and public safety</b>		1 019	1 630	2 242	1 019	2 649	408	408	1 019	2 242	2 242	2 242	3 260	20 378	20 866	21 259
Community and social services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sport and recreation		122	195	268	122	317	49	49	122	268	268	268	390	2 437	2 512	2 590
Public safety		897	1 435	1 974	897	2 332	359	359	897	1 974	1 974	1 974	2 871	17 941	18 354	18 670
Housing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Planning and development		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Road transport		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Trading services</b>		18 772	30 035	41 298	18 772	48 807	7 509	7 509	18 772	41 298	41 298	41 298	60 070	375 437	405 913	442 115
Electricity		11 397	18 235	25 073	11 397	29 632	4 559	4 559	11 397	25 073	25 073	25 073	36 470	227 936	247 800	269 384
Water		3 982	6 371	8 760	3 982	10 353	1 593	1 593	3 982	8 760	8 760	8 760	12 742	79 637	83 856	91 605
Waste water management		2 076	3 321	4 567	2 076	5 397	830	830	2 076	4 567	4 567	4 567	6 643	41 516	45 497	49 784
Waste management		1 317	2 108	2 898	1 317	3 425	527	527	1 317	2 898	2 898	2 898	4 216	26 347	28 759	31 343
<b>Other</b>		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Revenue - Standard</b>		30 593	48 950	67 306	30 593	79 543	12 237	12 237	30 593	67 306	67 306	67 306	97 899	611 870	658 787	727 645
<b>Expenditure - Standard</b>																
<b>Governance and administration</b>		7 771	12 434	17 096	7 771	20 205	3 108	3 108	7 771	17 096	17 096	17 096	24 868	155 422	163 662	173 526
Executive and council		4 798	7 677	10 556	4 798	12 475	1 919	1 919	4 798	10 556	10 556	10 556	15 354	95 964	103 129	108 783
Budget and treasury office		1 627	2 604	3 580	1 627	4 231	651	651	1 627	3 580	3 580	3 580	5 207	32 545	31 753	34 033
Corporate services		1 346	2 153	2 960	1 346	3 499	538	538	1 346	2 960	2 960	2 960	4 306	26 913	28 780	30 711
<b>Community and public safety</b>		5 360	8 576	11 792	5 360	13 936	2 144	2 144	5 360	11 792	11 792	11 792	17 152	107 198	101 636	109 828
Community and social services		1 238	1 980	2 723	1 238	3 218	495	495	1 238	2 723	2 723	2 723	3 961	24 754	26 059	27 428
Sport and recreation		943	1 509	2 075	943	2 453	377	377	943	2 075	2 075	2 075	3 019	18 866	20 130	21 476
Public safety		1 334	2 134	2 935	1 334	3 468	534	534	1 334	2 935	2 935	2 935	4 269	26 679	28 463	30 290
Housing		1 845	2 952	4 059	1 845	4 797	738	738	1 845	4 059	4 059	4 059	5 904	36 898	26 984	30 634
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		1 765	2 824	3 883	1 765	4 589	706	706	1 765	3 883	3 883	3 883	5 648	35 297	36 286	38 628
Planning and development		324	518	712	324	842	129	129	324	712	712	712	1 036	6 474	6 937	7 413
Road transport		1 441	2 306	3 171	1 441	3 747	576	576	1 441	3 171	3 171	3 171	4 612	28 823	29 348	31 215
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Trading services</b>		13 832	22 130	30 429	13 832	35 962	5 533	5 533	13 832	30 429	30 429	30 429	44 261	276 631	296 990	320 124
Electricity		9 169	14 670	20 171	9 169	23 839	3 667	3 667	9 169	20 171	20 171	20 171	29 340	183 373	198 109	214 085
Water		2 060	3 296	4 532	2 060	5 356	824	824	2 060	4 532	4 532	4 532	6 592	41 201	44 529	47 945
Waste water management		1 140	1 824	2 508	1 140	2 963	456	456	1 140	2 508	2 508	2 508	3 647	22 796	24 430	26 145
Waste management		1 463	2 341	3 219	1 463	3 804	585	585	1 463	3 219	3 219	3 219	4 682	29 261	29 922	31 949
<b>Other</b>		240	385	529	240	625	96	96	240	529	529	529	770	4 810	5 187	5 477
<b>Total Expenditure - Standard</b>		28 968	46 349	63 729	28 968	75 316	11 587	11 587	28 968	63 729	63 729	63 729	92 697	579 358	603 761	647 583
<b>Surplus/(Deficit) before assoc.</b>		1 626	2 601	3 576	1 626	4 227	650	650	1 626	3 576	3 576	3 576	5 202	32 512	55 027	80 062
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit)</b>	1	1 626	2 601	3 576	1 626	4 227	650	650	1 626	3 576	3 576	3 576	5 202	32 512	55 027	80 062

**Table 44 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>																
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community and Public Safety		-	72	215	143	501	430	72	286	286	286	286	4 584	7 162	6 140	6 140
Vote 6 - Technical Services		-	354	3 539	1 062	2 477	2 123	354	2 123	3 539	3 539	3 539	12 739	35 386	50 900	64 689
Vote 7 -													-	-	-	-
Vote 8 -													-	-	-	-
Vote 9 -													-	-	-	-
Vote 10 -													-	-	-	-
Vote 11 -													-	-	-	-
Vote 12 -													-	-	-	-
Vote 13 -													-	-	-	-
Vote 14 -													-	-	-	-
Vote 15 -													-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	-	425	3 753	1 205	2 978	2 553	425	2 410	3 825	3 825	3 825	17 322	42 547	57 040	70 829
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Financial Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community and Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 -													-	-	-	-
Vote 8 -													-	-	-	-
Vote 9 -													-	-	-	-
Vote 10 -													-	-	-	-
Vote 11 -													-	-	-	-
Vote 12 -													-	-	-	-
Vote 13 -													-	-	-	-
Vote 14 -													-	-	-	-
Vote 15 -													-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	2	-	425	3 753	1 205	2 978	2 553	425	2 410	3 825	3 825	3 825	17 322	42 547	57 040	70 829

Table 45 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>																
<b>Capital Expenditure - Standard</b>	1															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	30	89	59	207	177	30	118	118	118	118	1 892	2 956	2 851	2 851
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	30	89	59	207	177	30	118	118	118	118	1 892	2 956	2 851	2 851
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	42	127	85	297	255	42	170	170	170	170	2 718	4 247	5 702	6 636
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		-	42	127	85	297	255	42	170	170	170	170	2 718	4 247	5 702	6 636
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	353	1 060	1 417	2 474	1 902	1 057	2 531	2 531	1 465	1 465	19 090	35 345	48 488	61 342
Electricity		-	79	237	158	553	255	79	316	316	316	316	5 271	7 895	12 877	8 491
Water		-	178	533	1 066	1 243	1 066	888	1 776	1 776	710	710	7 815	17 761	27 496	44 737
Waste water management		-	55	164	110	384	329	48	219	219	219	219	3 515	5 482	4 825	4 825
Waste management		-	42	126	84	294	252	42	219	219	219	219	2 488	4 206	3 289	3 289
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	2	-	425	1 276	1 561	2 978	2 334	1 129	2 819	2 819	1 753	1 753	23 699	42 547	57 040	70 829
<b>Funded by:</b>																
National Government		-	425	1 276	851	2 978	2 553	2 553	2 553	2 553	2 553	2 553	21 699	42 547	57 040	70 829
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		-	425	1 276	851	2 978	2 553	2 553	2 553	2 553	2 553	2 553	21 699	42 547	57 040	70 829
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>		-	425	1 276	851	2 978	2 553	2 553	2 553	2 553	2 553	2 553	21 699	42 547	57 040	70 829

Table 46 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>															
<b>Cash Receipts By Source</b>													1		
Property rates	3 558	5 692	7 827	3 558	9 250	1 423	1 423	3 558	7 827	7 827	7 827	11 384	71 152	78 410	86 172
Property rates - penalties & collection charges															
Service charges - electricity revenue	15 437	11 027	17 643	4 411	15 437	17 643	11 027	4 411	24 259	24 259	24 259	50 723	220 535	239 918	261 001
Service charges - water revenue	4 776	3 411	5 458	1 365	4 776	5 458	3 411	1 365	7 505	7 505	7 505	15 692	68 228	71 671	78 601
Service charges - sanitation revenue	2 386	1 705	2 727	682	2 386	2 727	1 705	682	3 750	3 750	3 750	7 841	34 092	37 558	41 298
Service charges - refuse revenue	1 403	1 002	1 603	401	1 403	1 603	1 002	401	2 205	2 205	2 205	4 610	20 043	22 019	24 138
Service charges - other															
Rental of facilities and equipment	86	108	130	130	108	65	43	65	108	108	108	1 103	2 162	2 296	2 431
Interest earned - external investments	3	30	8		36	8	3	3	3	3	3	175	274	291	308
Interest earned - outstanding debtors	692	865	865	778	865	865	778	951	605	605	605	173	8 650	9 186	9 728
Dividends received															
Fines			324	101	243	122	122	101	101	101	101	709	2 025	2 151	2 278
Licences and permits	1	1	3 115	1 246	1 090	935	935	2 025	2 025	2 025	2 025	154	15 576	15 842	16 009
Agency services															
Transfer receipts - operational	21 824			992	13 888		2 976	992	992	992		56 543	99 199	91 826	101 170
Other revenue		209	209	2 512	5 651	45 630	628	2 721	2 721	2 721	2 721	(44 793)	20 931	22 095	23 266
<b>Cash Receipts by Source</b>	<b>50 166</b>	<b>24 051</b>	<b>39 910</b>	<b>16 175</b>	<b>55 134</b>	<b>76 479</b>	<b>24 052</b>	<b>17 274</b>	<b>52 101</b>	<b>52 101</b>	<b>51 109</b>	<b>104 315</b>	<b>562 866</b>	<b>593 261</b>	<b>646 400</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	12 741			27 442		490	490	490	490	490	490	5 880	49 004	65 526	81 245
Contributions recognised - capital & Contributed asset															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits															
Decrease (increase) in non-current debtors															
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
<b>Total Cash Receipts by Source</b>	<b>62 907</b>	<b>24 051</b>	<b>39 910</b>	<b>43 617</b>	<b>55 134</b>	<b>76 969</b>	<b>24 542</b>	<b>17 764</b>	<b>52 591</b>	<b>52 591</b>	<b>51 599</b>	<b>110 195</b>	<b>611 870</b>	<b>658 787</b>	<b>727 645</b>
<b>Cash Payments by Type</b>															
Employee related costs	13 525	13 525	15 457	13 525	13 525	13 525	13 525	13 525	13 525	13 525	13 525	42 507	193 215	207 066	221 307
Remuneration of councillors		770	577	770	1 347	962	481	481	481	481	481	2 790	9 622	10 315	11 058
Finance charges						3 940						3 940	7 879	7 133	6 294
Bulk purchases - Electricity	12 501	12 501	16 501	9 001	10 501	24 002	10 501	10 501	10 501	10 501	10 501	12 501	150 010	161 800	174 518
Bulk purchases - Water & Sewer			3	3	3	3	3	3	3	3	3	291	320	341	363
Other materials															
Contracted services	311	3 420	933	2 176	5 906	2 176	2 176	933	933	933	933	10 259	31 087	29 795	31 224
Transfers and grants - other municipalities															
Transfers and grants - other	15	30	15	270	30	15	15	75	75	75	75	825	1 500	1 500	1 500
Other expenditure	53 860	7 429	3 714	1 857	7 429	31 573	3 714	3 714	3 714	3 714	3 714	61 289	185 725	185 811	201 319
<b>Cash Payments by Type</b>	<b>80 212</b>	<b>37 674</b>	<b>37 201</b>	<b>27 602</b>	<b>38 741</b>	<b>76 196</b>	<b>30 401</b>	<b>29 232</b>	<b>29 232</b>	<b>29 232</b>	<b>29 232</b>	<b>134 402</b>	<b>579 358</b>	<b>603 761</b>	<b>647 583</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets		425	1 276	851	2 978	2 553	2 553	2 553	2 553	2 553	2 553	21 699	42 547	57 040	70 829
Repayment of borrowing						4 752						4 752	9 504	10 251	11 090
Other Cash Flows/Payments															
<b>Total Cash Payments by Type</b>	<b>80 212</b>	<b>38 100</b>	<b>38 477</b>	<b>28 453</b>	<b>41 720</b>	<b>83 501</b>	<b>32 953</b>	<b>31 785</b>	<b>31 785</b>	<b>31 785</b>	<b>31 785</b>	<b>160 853</b>	<b>631 409</b>	<b>671 052</b>	<b>729 502</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>(17 304)</b>	<b>(14 049)</b>	<b>1 433</b>	<b>15 164</b>	<b>13 414</b>	<b>(6 532)</b>	<b>(8 411)</b>	<b>(14 021)</b>	<b>20 806</b>	<b>20 806</b>	<b>19 814</b>	<b>(50 658)</b>	<b>(19 539)</b>	<b>(12 265)</b>	<b>(1 857)</b>
Cash/cash equivalents at the month/year begin:	(91 504)	(108 808)	(122 857)	(121 425)	(106 261)	(92 847)	(99 378)	(107 789)	(121 811)	(101 005)	(80 199)	(60 385)	(91 504)	(111 043)	(123 308)
Cash/cash equivalents at the month/year end:	(108 808)	(122 857)	(121 425)	(106 261)	(92 847)	(99 378)	(107 789)	(121 811)	(101 005)	(80 199)	(60 385)	(111 043)	(111 043)	(123 308)	(125 164)

## **2.9 Contracts having future budgetary implications**

In terms of Oudtshoorn Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **2.10 Capital expenditure details**

The following three tables present details of Oudtshoorn Municipality's capital expenditure program, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 47 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		3 326	4 691	7 110	6 000	9 633	9 633	12 361	13 596	9 649
Infrastructure - Road transport		-	2 795	-	-	-	-	3 370	3 947	3 947
Roads, Pavements & Bridges		-	2 795	-	-	-	-	3 370	3 947	3 947
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	1 896	7 110	6 000	9 633	9 633	3 509	3 947	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	1 896	7 110	6 000	9 633	9 633	3 509	3 947	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	877	877
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	877	877
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	5 482	4 825	4 825
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	5 482	4 825	4 825
Infrastructure - Other		3 326	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	3 326	-	-	-	-	-	-	-	-
<b>Community</b>		17 618	499	-	2 000	-	-	2 851	2 851	2 851
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	2 851	2 851	2 851
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		17 618	499	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	2 000	-	-	-	-	-
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		2 164	324	387	2 290	-	-	-	-	-
General vehicles		33	217	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		852	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	2 290	-	-	-	-	-
Furniture and other office equipment		1 279	106	387	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure on new assets</b>	<b>1</b>	<b>23 108</b>	<b>5 514</b>	<b>7 497</b>	<b>10 290</b>	<b>9 633</b>	<b>9 633</b>	<b>15 212</b>	<b>16 447</b>	<b>12 500</b>



**Table 48 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		22 635	32 484	29 896	48 138	26 036	26 036	27 231	40 593	58 329
Infrastructure - Road transport		6 735	4 887	7 461	28 138	4 706	4 706	877	1 754	2 689
Roads, Pavements & Bridges		6 735	4 887	7 461	28 138	4 706	4 706	877	1 754	2 689
Storm water										
Infrastructure - Electricity		1 641	722	5 157	–	–	–	4 386	8 930	8 491
Generation										
Transmission & Reticulation		1 641	722	5 157	–	–		4 386	8 930	8 491
Street Lighting										
Infrastructure - Water		10 445	20 150	12 818	20 000	10 257	10 257	17 761	26 619	43 860
Dams & Reservoirs										
Water purification										
Reticulation		10 445	20 150	12 818	20 000	10 257	10 257	17 761	26 619	43 860
Infrastructure - Sanitation		3 814	6 724	4 063	–	9 860	9 860	–	–	–
Reticulation										
Sewerage purification		3 814	6 724	4 063	–	9 860	9 860	–	–	–
Infrastructure - Other		–	–	397	–	1 212	1 212	4 206	3 289	3 289
Waste Management		–	–	397	–	1 212	1 212	4 206	3 289	3 289
Transportation										
Gas										
Other										
<b>Community</b>		–	4 021	124	–	4 069	4 069	105	–	–
Parks & gardens		–	–	–	–	–	–	–	–	–
Sportsfields & stadia		–	1 454	124	–	4 069	4 069	105	–	–
Swimming pools		–	–	–	–	–	–	–	–	–
Community halls		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Recreational facilities		–	2 364	–	–	–	–	–	–	–
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other			202							
<b>Heritage assets</b>		–	–	–	2 500	–	–	–	–	–
Buildings										
Other				–	2 500	–	–			
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
Housing development										
Other										
<b>Other assets</b>		–	–	732	–	–	–	–	–	–
General vehicles										
Specialised vehicles		–	–	–	–	–	–	–	–	–
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings				732	–	–	–			
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
<b>Agricultural assets</b>		–	–	–	–	–	–	–	–	–
List sub-class										
<b>Biological assets</b>		–	–	–	–	–	–	–	–	–
List sub-class										
<b>Intangibles</b>		–	–	–	–	–	–	–	–	–
Computers - software & programming										
Other (list sub-class)										
<b>Total Capital Expenditure on renewal of existing assets</b>	<b>1</b>	<b>22 635</b>	<b>36 505</b>	<b>30 752</b>	<b>50 638</b>	<b>30 105</b>	<b>30 105</b>	<b>27 335</b>	<b>40 593</b>	<b>58 329</b>

**Table 49 MBRR SA34c - Repairs and maintenance expenditure by asset class**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	1										
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure	2	12 652	12 880	34 488	13 420	8 285	8 285	8 842	9 390	9 944	
Infrastructure - Road transport		3 899	3 688	22 706	5 492	3 142	3 142	3 349	3 557	3 767	
Roads, Pavements & Bridges		3 899	3 688	22 706	5 492	3 142	3 142	3 349	3 557	3 767	
Storm water											
Infrastructure - Electricity		1 404	1 318	1 205	1 445	1 920	1 920	2 057	2 184	2 313	
Generation											
Transmission & Reticulation		1 404	1 318	1 205	1 445	1 920	1 920	2 057	2 184	2 313	
Street Lighting											
Infrastructure - Water		3 368	2 741	3 559	4 014	1 828	1 828	1 949	2 070	2 192	
Dams & Reservoirs											
Water purification											
Reticulation		3 368	2 741	3 559	4 014	1 828	1 828	1 949	2 070	2 192	
Infrastructure - Sanitation		1 025	798	1 438	1 821	792	792	844	897	950	
Reticulation											
Sewerage purification		1 025	798	1 438	1 821	792	792	844	897	950	
Infrastructure - Other		2 956	4 335	5 581	648	603	603	643	683	723	
Waste Management		2 956	4 335	5 581	648	603	603	643	683	723	
Transportation											
Gas											
Other											
Community		3	1 402	1 045	1 431	2 661	1 182	1 182	1 253	1 330	1 409
Parks & gardens		7	366	40	375	553	165	165	176	187	198
Sportsfields & stadia			—	—	159	—	—	—	83	88	94
Swimming pools			477	429	400	636	310	310	330	351	372
Community halls			(218)	60	127	200	150	150	160	170	180
Libraries	86		(1)	48	86	15	15	16	17	18	
Recreational facilities	572		451	227	864	288	288	216	230	243	
Fire, safety & emergency					160	200	200	213	226	240	
Security and policing					—	—	—	—	—	—	
Buses					—	—	—	—	—	—	
Clinics					—	—	—	—	—	—	
Museums & Art Galleries					—	—	—	—	—	—	
Cemeteries					—	—	—	—	—	—	
Social rental housing	8		120	66	94	150	54	54	58	61	
Other			(1)		—	—	—	—			
Heritage assets	9		—	—	—	—	—	—	—	—	—
Buildings											
Other											
Investment properties		—	—	—	—	—	—	—	—	—	
Housing development											
Other											
Other assets	10	2 722	3 018	3 380	2 685	1 575	1 575	2 555	2 714	2 874	
General vehicles											
Specialised vehicles		—	—	—	—	—	—	—	—	—	
Plant & equipment											
Computers - hardware/equipment											
Furniture and other office equipment											
Abattoirs											
Markets											
Civic Land and Buildings		1 259	1 699	1 759	1 283	1 575	1 575	536	569	603	
Other Buildings					—	—	—	—	—	—	
Other Land					—	—	—	—	—	—	
Surplus Assets - (Investment or Inventory)					—	—	—	—	—	—	
Other	1 463	1 319	1 621	1 401	—	—	2 019	2 144	2 271		
Agricultural assets		—	—	—	—	—	—	—	—	—	
List sub-class											
Biological assets		—	—	—	—	—	—	—	—	—	
List sub-class											
Intangibles		—	—	—	—	—	—	—	—	—	
Computers - software & programming											
Other (list sub-class)											
Total Repairs and Maintenance Expenditure	1	16 777	16 943	39 299	18 765	11 042	11 042	12 650	13 434	14 227	

Table 50 MBRR SA34d - Depreciation by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>									
<b>Depreciation by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		11 275	13 261	10 890	12 646	12 670	12 670	12 667	13 452	14 246
Infrastructure - Road transport		6 731	5 322	6 899	7 549	7 200	7 200	7 448	7 910	8 377
Roads, Pavements & Bridges		6 731	5 322	6 899	7 549	7 200	7 200	7 448	7 910	8 377
Storm water										
Infrastructure - Electricity		1 646	1 748	1 347	1 846	2 150	2 150	1 226	1 302	1 379
Generation										
Transmission & Reticulation		1 646	1 748	1 347	1 846	2 150	2 150	1 226	1 302	1 379
Street Lighting										
Infrastructure - Water		1 690	4 854	1 619	1 895	1 900	1 900	2 941	3 123	3 308
Dams & Reservoirs										
Water purification										
Reticulation		1 690	4 854	1 619	1 895	1 900	1 900	2 941	3 123	3 308
Infrastructure - Sanitation		781	940	877	876	920	920	981	1 042	1 104
Reticulation										
Sewerage purification		781	940	877	876	920	920	981	1 042	1 104
Infrastructure - Other		427	396	147	479	500	500	70	74	79
Waste Management		427	396	147	479	500	500	70	74	79
Transportation										
Gas										
Other										
<b>Community</b>		2 014	914	2 618	8 070	2 892	-	3 615	3 839	4 065
Parks & gardens		1 643	71	1 726	1 843	2 892	-	1 772	1 882	1 993
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	1 793	1 904	2 017
Fire, safety & emergency		-	-	-	-	-	-	49	52	55
Security and policing		-	-	-	-	-	-	-	-	-
Buses		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing		-	-	-	-	-	-	-	-	-
Other		371	843	892	6 227	-	-	-	-	-
<b>Heritage assets</b>		-	-	837	-	-	-	-	-	-
Buildings		-	-	837	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		5 561	6 101	6 018	-	6 246	6 246	5 992	6 363	6 739
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		5 561	6 101	6 018	-	6 246	6 246	5 992	6 363	6 739
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
<b>Total Depreciation</b>	<b>1</b>	<b>18 850</b>	<b>20 276</b>	<b>20 363</b>	<b>20 716</b>	<b>21 808</b>	<b>18 916</b>	<b>22 273</b>	<b>23 654</b>	<b>25 050</b>

**Table 51 MBRR SA35 - Future financial implications of the capital budget****WC045 Oudtshoorn - Supporting Table SA35 Future financial implications of the capital budget**

Vote Description R thousand	Ref	2016/17 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Present value
<b>Capital expenditure</b>	1							
Vote 1 - Executive & Council		-	-	-				
Vote 2 - Municipal Manager		-	-	-				
Vote 3 - Corporate Services		-	-	-				
Vote 4 - Financial Services		-	-	-				
Vote 5 - Community and Public Safety		7 162	6 140	6 140				
Vote 6 - Technical Services		35 386	50 900	64 689				
Vote 7 -		-	-	-				
Vote 8 -		-	-	-				
Vote 9 -		-	-	-				
Vote 10 -		-	-	-				
Vote 11 -		-	-	-				
Vote 12 -		-	-	-				
Vote 13 -		-	-	-				
Vote 14 -		-	-	-				
Vote 15 -		-	-	-				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		42 547	57 040	70 829	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - Executive & Council								
Vote 2 - Municipal Manager								
Vote 3 - Corporate Services								
Vote 4 - Financial Services								
Vote 5 - Community and Public Safety								
Vote 6 - Technical Services								
Vote 7 -								
Vote 8 -								
Vote 9 -								
Vote 10 -								
Vote 11 -								
Vote 12 -								
Vote 13 -								
Vote 14 -								
Vote 15 -								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		42 547	57 040	70 829	-	-	-	-

**Table 52 MBRR SA36 - Detailed capital budget per municipal vote**

Municipal Vote/Capital project	Ref	Program/Project description	Asset Class	Asset Sub-Class	2016/17 Medium Term Revenue & Expenditure Framework			Project information	
					Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
<b>Parent municipality:</b> <i>List all capital projects grouped by Municipal Vote</i>									
REHAB ROADS AND STORMWATER			Infrastructure - Road transport	Roads, Pavements & Bridges	877	1 754	2 689		Existing
PAVING OF STREETS			Infrastructure - Road transport	Roads, Pavements & Bridges	1 177	1 754	1 754		New
UPGRADING STORMWATER SYSTEM-BONGOLETHU			Infrastructure - Road transport	Storm water	1 316	1 316	1 316		New
UPGRADING STORMWATER SYSTEM - DE RUST BLOMNEK			Infrastructure - Road transport	Storm water	439	439	439		New
UPGRADING STORMWATER SYSTEM - DYSELSDORP			Infrastructure - Road transport	Storm water	439	439	439		New
UPGRADING OF DYSELSDORP WASTE TREATMENT PLANT			Infrastructure - Sanitation	Storm water	5 482	4 825	4 825		New
UPGRADING OF SOLID WASTE SITE			Community	Waste Management	4 206	3 289	3 289		Existing
HIGH MAST FLOOD LIGHT			Infrastructure - Electricity	Street Lighting	877	1 474	1 474		Existing
ROSEVALLEY PHASE 2 -ELECTRIFICATION CONNECTIONS			Infrastructure - Electricity	Generation	3 509	-	-		Existing
DYSELSDORP BULK INFRASTRUCTURE			Infrastructure - Electricity	Generation	3 509	-	-		New
ROSEVALLEY PHASE 3 -ELECTRIFICATION CONNECTIONS			Infrastructure - Electricity	Generation	-	3 947	-		Existing
ODUTHOORN INTAKE BULK INFRASTRUCTURE			Infrastructure - Electricity	Generation	-	3 947	-		New
ROSEVALLEY BULK INFRASTRUCTURE			Infrastructure - Electricity	Generation	-	-	2 632		Existing
ENERGY EFFICIENCY DEMAND SIDE MANAGEMENT			Infrastructure - Electricity	Generation	-	3 509	4 386		Existing
REHAB SPORTS FIELD LIGHTING			Community	Sportsfields & stadia	2 851	2 851	2 851		New
REHAB ATHLETICS TRACKS			Community	Sportsfields & stadia	105	-	-		Existing
BLOSSOMS GROUNDWATER PROJECT			Infrastructure - Water	Reticulation	17 761	26 619	43 860		Existing
REHAB OF ASBESTOS/CEMENT WATER PIPES			Infrastructure - Water	Storm water	-	877	877		New
<b>Parent Capital expenditure</b>	<b>1</b>				<b>42 547</b>	<b>57 040</b>	<b>70 829</b>		

## 2.11 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format is fully complied with on a monthly basis up until the last section 71 reporting to the Executive Mayor (within 10 working days) and has progressively improved and includes monthly published financial performance on Oudtshoorn Municipality's website.
2. Internship program  
Oudtshoorn Municipality is participating in the Municipal Financial Management Internship program. Four interns will be appointed with effect from 1 April 2016 which will be funded through the FMG in the current financial year.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA, the municipality is currently suffering as many critical vacancies exist in the BTO. The appointment of adequate management staff in the BTO will therefore be receiving priority and the necessary budgetary allocation has been made in the MTREF.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is submitted as draft with the draft MTREF and will be approved with the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements. The annual report was tabled in Council and is currently available for public comments before submission to the oversight committee and thereafter final adoption by Council.
7. Minimum competency training  
Minimum competency training is underway and all required staff members are enrolled for the completion of the required training. Extension for the compliance has been granted by the National Treasury. Our participation in this program is in line with the assessment of current skills pool and capacity building to ensure less reliance on consulting services. The filling of critical vacancies will also require compliance by candidates to the minimum competency requirements.
8. Policies  
Various policy amendments are proposed as part of the budget process, all policies being revised are to be made available with budget documentation for public input.
9. mSCOA Readiness  
Due to challenges experienced with the implementation of a new financial system known as SAGE Evolution, the management decided to revert back to the previous financial management system PROMUN.

The mSCOA awareness campaign commenced with the previous municipal council and recently because of the intervention in terms of 139 of the Constitution with the Administrator. The mSCOA implementation plan had to be revised after consultation with the vendor of the previous financial system Rdata (Pty) Ltd. The Administrator has been informed of the revised SCOA implementation plan and establishment of a mSCOA project steering committee that will manage the successful implementation of the mSCOA project within the municipality by 1 July 2017.

The vendor of the financial system, Rdata conducted an information session on mSCOA with the finance officials which addressed issues on mSCOA effect on the municipality, status of financial system, what needs to be prepared by the municipality, the commencement date and the cost. The vendor indicated that a memorandum of understanding (MOU) would be required to proceed with the changes on the financial system.

The Provincial Government Accounting department was approached to advise and where possible to arrangement for mSCOA training for the municipal officials. An intense 3 day non-accredited mSCOA training session conducted by a service provider accredited by the National Treasury department was attended by Oudtshoorn officials in Swellendam during March 2016. The training was case study based and was focused on non-pilot municipalities to practically understand what mSCOA is and the impact it would have on the municipality. The training program was designed to cover various high level topics relating to legislative mandates, principles and design of mSCOA, project segments, impact on reporting, change management and implementation at the municipality. Further training is currently being planned with the National Treasury department during April 2016 which will be rolled out with all user departments in the municipality.

The self-assessment tool and ICT functions questionnaire on the core financial system were completed and submitted to the national and provincial departments. It is evident that the Oudtshoorn Municipality is behind with the implementation of the mSCOA project, however with the support from the vendor, the seconded top management as well as the dedicated and committed municipal officials, it is with no doubt that mSCOA will be implemented within the prescribed deadline.

The mSCOA implementation plan is annexed hereto for information.

## 2.12 Other supporting documents

**Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates		49 936	53 582	61 739	69 418	70 148	70 148	70 148	75 582	83 322	91 437
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		3 112	3 517	4 144	2 797	3 251	3 251	3 251	4 430	4 913	5 264
Net Property Rates		46 824	50 065	57 595	66 621	66 897	66 897	66 897	71 152	78 410	86 172
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue		155 456	162 746	176 273	210 795	210 423	210 423	210 423	227 104	247 577	269 827
less Revenue Foregone (in excess of 50 kwh per indigent household per month)		5 732	6 401	6 901	7 618	(944)	(944)	(944)	6 568	7 659	8 826
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue		149 723	156 345	169 372	203 177	211 368	211 368	211 368	220 535	239 918	261 001
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue		40 204	41 360	54 793	49 950	68 329	68 329	68 329	76 823	81 230	89 102
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)		2 418	2 690	8 673	2 703	9 775	9 775	9 775	8 596	9 559	10 500
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - water revenue		37 786	38 671	46 120	47 247	58 554	58 554	58 554	68 228	71 671	78 601
<b>Service charges - sanitation revenue</b>	6										
Total Service charges - sanitation revenue		22 632	24 797	26 299	35 487	33 856	33 856	33 856	40 687	44 615	48 849
less Revenue Foregone (in excess of free sanitation service to indigent households)		3 431	4 002	3 170	3 832	(24)	(24)	(24)	6 595	7 057	7 551
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		19 201	20 795	23 129	31 655	33 880	33 880	33 880	34 092	37 558	41 298
<b>Service charges - refuse revenue</b>	6										
Total refuse removal revenue		12 673	13 744	14 310	20 516	23 278	23 278	23 278	26 758	29 203	31 826
Total landfill revenue		-	-	-	-	-	-	-	-	-	-
less Revenue Foregone (in excess of one removal a week to indigent households)		3 450	4 016	3 232	4 351	2 813	2 813	2 813	6 715	7 185	7 688
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		9 223	9 728	11 078	16 165	20 465	20 465	20 465	20 043	22 019	24 138
<b>Other Revenue by source</b>											
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Other Revenue		-	24 036	10 909	-	-	-	-	-	-	-
Contributed/ Donated PPE		2 188	-	-	-	-	-	-	-	-	-
Public Contributions and Donations		364	120	78	-	-	-	-	-	-	-
Third Party Payments		163	-	-	-	-	-	-	-	-	-
Actuarial Gains		-	731	2 337	-	-	-	-	-	-	-
Other Income		-	-	-	-	-	-	-	-	-	-
SUNDRY INCOME		-	-	-	200	200	200	200	-	-	-
OTHER INCOME		7 972	-	6 296	8 267	21 600	21 600	21 600	20 931	22 095	23 266
Reversal of Provision		-	-	30 239	-	-	-	-	-	-	-
Reversal of Impairments		-	29	-	-	-	-	-	-	-	-
<b>Total 'Other' Revenue</b>	1	10 688	24 916	49 858	8 467	21 800	21 800	21 800	20 931	22 095	23 266
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	2	88 320	99 283	98 968	105 774	118 179	118 179	118 179	127 768	136 908	146 307
Pension and UIF Contributions		14 881	16 287	15 450	18 028	17 013	17 013	17 013	19 257	20 644	22 068
Medical Aid Contributions		6 011	7 254	8 244	8 443	8 005	8 005	8 005	10 567	11 328	12 109
Overtime		5 610	5 725	9 193	4 322	5 927	5 927	5 927	4 240	4 546	4 859
Performance Bonus		-	-	-	539	-	-	-	-	-	-
Motor Vehicle Allowance		4 458	4 540	4 903	5 080	5 989	5 989	5 989	4 169	4 470	4 778
Cellphone Allowance		533	875	776	586	990	990	990	435	466	499
Housing Allowances		752	815	907	918	1 200	1 200	1 200	1 035	1 110	1 186
Other benefits and allowances		21 774	25 344	37 073	17 466	16 328	16 328	16 328	25 743	27 595	29 500
Payments in lieu of leave		-	-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	4	-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>	5	142 339	160 122	175 513	161 156	173 630	173 630	173 630	193 215	207 066	221 307
Less: Employees costs capitalised to PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Employee related costs</b>	1	142 339	160 122	175 513	161 156	173 630	173 630	173 630	193 215	207 066	221 307



**Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance  
(Continued)**

<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment		18 850	20 276	19 526	20 716	21 808	21 808	21 808	22 273	23 654	25 050
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
<b>Total Depreciation &amp; asset impairment</b>	<b>10</b>	<b>18 850</b>	<b>20 276</b>	<b>19 526</b>	<b>20 716</b>	<b>21 808</b>	<b>21 808</b>	<b>21 808</b>	<b>22 273</b>	<b>23 654</b>	<b>25 050</b>
<b>Bulk purchases</b>											
Electricity Bulk Purchases		105 036	112 299	119 376	137 194	147 994	147 994	147 994	150 010	161 800	174 518
Water Bulk Purchases		1 538	1 761	2 690	1 800	3 500	3 500	3 500	320	341	363
<b>Total bulk purchases</b>	<b>1</b>	<b>106 575</b>	<b>114 059</b>	<b>122 065</b>	<b>138 994</b>	<b>151 494</b>	<b>151 494</b>	<b>151 494</b>	<b>150 329</b>	<b>162 141</b>	<b>174 881</b>
<b>Transfers and grants</b>											
Cash transfers and grants		746	1 319	1 745	1 300	1 354	1 354	1 354	1 500	1 500	1 500
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
<b>Total transfers and grants</b>	<b>1</b>	<b>746</b>	<b>1 319</b>	<b>1 745</b>	<b>1 300</b>	<b>1 354</b>	<b>1 354</b>	<b>1 354</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>
<b>Contracted services</b>											
List services provided by contract		15 399	22 528	30 231	38 914	41 713	41 713	41 713	31 087	29 795	31 224
	</										

**Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

Description	Ref	Vote 1 - Executive & Council	Vote 2 - Municipal Manager	Vote 3 - Corporate Services	Vote 4 - Financial Services	Vote 5 - Community and Public Safety	Vote 6 - Technical Services	Vote 7 -	Vote 8 -	Vote 9 -	Vote 10 -	Vote 11 -	Vote 12 -	Vote 13 -	Vote 14 -	Vote 15 -	Total
R thousand	1																
<b>Revenue By Source</b>																	
Property rates					71 152												71 152
Property rates - penalties & collection charges																	-
Service charges - electricity revenue							220 535										220 535
Service charges - water revenue							68 228										68 228
Service charges - sanitation revenue							34 092										34 092
Service charges - refuse revenue							20 043										20 043
Service charges - other																	-
Rental of facilities and equipment		2 162															2 162
Interest earned - external investments		274															274
Interest earned - outstanding debtors		8 650															8 650
Dividends received																	-
Fines						2 025											2 025
Licences and permits						15 576											15 576
Agency services																	-
Other revenue		99 199															99 199
Transfers recognised - operational		20 931															20 931
Gains on disposal of PPE																	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>131 216</b>	<b>-</b>	<b>-</b>	<b>71 152</b>	<b>17 601</b>	<b>342 897</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>562 866</b>
<b>Expenditure By Type</b>																	
Employee related costs		20 065	10 385	16 674	24 420	67 421	54 251										193 215
Remuneration of councillors		9 622															9 622
Debt impairment							15 697										15 697
Depreciation & asset impairment		4 936	851	147	57	3 685	12 597										22 273
Finance charges		7 879															7 879
Bulk purchases							150 329										150 329
Other materials																	-
Contracted services		222	1 688	1 129	7 826	13 990	6 232										31 087
Transfers and grants		1 500															1 500
Other expenditure		19 781	4 232	6 196	5 051	66 423	46 071										147 754
Loss on disposal of PPE																	-
<b>Total Expenditure</b>		<b>64 006</b>	<b>17 156</b>	<b>24 146</b>	<b>37 354</b>	<b>151 518</b>	<b>285 177</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>579 358</b>
<b>Surplus/(Deficit)</b>		<b>67 209</b>	<b>(17 156)</b>	<b>(24 146)</b>	<b>33 798</b>	<b>(133 917)</b>	<b>57 720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16 492)</b>
Transfers recognised - capital							49 004										49 004
Contributions recognised - capital																	-
Contributed assets																	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>67 209</b>	<b>(17 156)</b>	<b>(24 146)</b>	<b>33 798</b>	<b>(133 917)</b>	<b>106 724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32 512</b>

Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits < 90 days		9 488	9 808	88	1 520	1 520	1 520	1 520	7 500	7 950	8 427
Other current investments > 90 days					3 480	3 480	3 480	3 480	–	–	–
<b>Total Call investment deposits</b>	2	9 488	9 808	88	5 000	5 000	5 000	5 000	7 500	7 950	8 427
<b>Consumer debtors</b>											
Consumer debtors		46 763	54 006	64 569	46 300	46 300	46 300	46 300	55 000	50 000	45 000
Less: Provision for debt impairment											
<b>Total Consumer debtors</b>	2	46 763	54 006	64 569	46 300	46 300	46 300	46 300	55 000	50 000	45 000
<b>Debt impairment provision</b>											
Balance at the beginning of the year					55 682	55 682	55 682	55 682	40 610	55 610	72 876
Contributions to the provision					(55 682)	(55 682)	(55 682)	(55 682)	15 000	17 266	18 993
Bad debts written off					–	–	–	–			
<b>Balance at end of year</b>		–	–	–	(0)	(0)	(0)	(0)	55 610	72 876	91 869
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)		585 218	622 958	639 743	924 225	924 225	924 225	924 225	962 536	1 029 660	1 100 489
Leases recognised as PPE	3				9 730	9 730	9 730	9 730	10 084	12 000	15 000
Less: Accumulated depreciation					245 801	245 801	245 801	245 801	294 672	318 326	343 376
<b>Total Property, plant and equipment (PPE)</b>	2	585 218	622 958	639 743	688 154	688 154	688 154	688 154	677 947	723 333	772 112
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		16 121	16 201	16 528	10 851	10 851	10 851	10 851	9 504	10 251	11 090
<b>Total Current liabilities - Borrowing</b>		16 121	16 201	16 528	10 851	10 851	10 851	10 851	9 504	10 251	11 090
<b>Trade and other payables</b>											
Trade and other creditors		44 131	61 627	70 817	23 750	63 000	63 000	63 000	60 000	50 000	45 000
Unspent conditional transfers					–	30 000	30 000	30 000	25 000	20 000	19 000
VAT					–	–	–	–			
<b>Total Trade and other payables</b>	2	44 131	61 627	70 817	23 750	93 000	93 000	93 000	85 000	70 000	64 000
<b>Non current liabilities - Borrowing</b>											
Borrowing	4	92 219	80 588	69 332	109 206	109 206	109 206	109 206	91 822	74 438	57 055
Finance leases (including PPP asset element)					–	–	–	–			
<b>Total Non current liabilities - Borrowing</b>		92 219	80 588	69 332	109 206	109 206	109 206	109 206	91 822	74 438	57 055
<b>Provisions - non-current</b>											
Retirement benefits		140 123	153 066	125 218	71 673	71 673	71 673	71 673	103 289	118 164	134 066
List other major provision items											
Refuse landfill site rehabilitation					71 471	71 471	71 471	71 471	45 628	46 628	47 528
Other					–	–	–	–			
<b>Total Provisions - non-current</b>		140 123	153 066	125 218	143 144	143 144	143 144	143 144	148 917	164 792	181 594
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance		478 432	479 429	462 995	452 503	383 253	383 253	383 253	389 975	422 488	477 514
GRAP adjustments											
Restated balance		478 432	479 429	462 995	452 503	383 253	383 253	383 253	389 975	422 488	477 514
Surplus/(Deficit)		(25 882)	(17 426)	(9 991)	52 470	6 723	6 723	6 723	32 512	55 027	80 062
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
<b>Accumulated Surplus/(Deficit)</b>	1	452 549	462 003	453 005	504 973	389 975	389 975	389 975	422 488	477 514	557 577
<b>Reserves</b>											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
<b>Total Reserves</b>	2	–	–	–	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	452 549	462 003	453 005	504 973	389 975	389 975	389 975	422 488	477 514	557 577

**Table 56 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population		95483	100	96	98	98	98	98	98	98	98	98
Females aged 5 - 14		14322.45	15	14	15	15	15	15	15	15	15	15
Males aged 5 - 14		19096.6	20	19	20	20	20	20	20	20	20	20
Females aged 15 - 34		4774.15	5	5	5	5	5	5	5	5	5	5
Males aged 15 - 34		19096.6	20	19	20	20	20	20	20	20	20	20
Unemployment		0.26	0	0	0	0	0	0	0	0	0	0
<b>Monthly household income (no. of households)</b>	1, 12											
No income												
R1 - R1 600		45843	48 135	46 113	47 266	47 266	47 266	47 266	47 266	47 266	47 266	47 266
R1 601 - R3 200		25486	26 760	25 636	26 277	26 277	26 277	26 277	26 277	26 277	26 277	26 277
R3 201 - R6 400		12868	13 511	12 944	13 268	13 268	13 268	13 268	13 268	13 268	13 268	13 268
R6 401 - R12 800		3654	3 837	3 676	3 767	3 767	3 767	3 767	3 767	3 767	3 767	3 767
R12 801 - R25 600		2548	2 675	2 563	2 627	2 627	2 627	2 627	2 627	2 627	2 627	2 627
R25 601 - R51 200		1425	1 496	1 433	1 469	1 469	1 469	1 469	1 469	1 469	1 469	1 469
R52 201 - R102 400		348	365	350	359	359	359	359	359	359	359	359
R102 401 - R204 800		87	91	88	90	90	90	90	90	90	90	90
R204 801 - R409 600		54	57	54	56	56	56	56	56	56	56	56
R409 601 - R819 200		19	20	19	0	20	20	20	20	20	20	20
> R819 200		34										
<b>Poverty profiles (no. of households)</b>												
< R2 080 per household per month	13											
Insert description	2											
<b>Household/demographics (000)</b>												
Number of people in municipal area		95483	100 257	96 046	98 448	98	98	98	98	98	98	98
Number of poor people in municipal area												
Number of households in municipal area												
Number of poor households in municipal area												
Definition of poor household (R per month)												
<b>Housing statistics</b>	3											
Formal		0.65	1	1	1	1	1	1	1	1	1	1
Informal		0.35	0	0	0	0	0	0	0	0	0	0
Total number of households			1	1	1	1	1	1	1	1	1	1
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
<b>Economic</b>	6											
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
<b>Collection rates</b>	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

## 2.13 Municipal manager's quality certificate

I Allen Paulse municipal manager of Oudtshoorn Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: A. A. Paulse

Municipal Manager of Oudtshoorn Municipality (WC047)

Signature: \_\_\_\_\_

Date 30 March 2016